



Short Sale Alternatives

In determining the best option for a distressed homeowner it is important to understand the options available. Remember, time is of the essence.

Foreclosure. If no action is taken the property will most likely be taken by the lender through a foreclosure auction. This option would negatively impact any future loan applications and credit ratings.

Refinance. This option permits a property owner to replace their original mortgage with a new one. This option requires that the property owner qualify for a new loan and may also include a higher interest rate and possibly a prepayment penalty.

Reinstatement. This option requires a property owner to make a payment of the entire defaulted amount as well as interest and late fees. This option may also require the payment of attorney's fees and taxes.

Loan Modification. A permanent change in one or more of the terms of a mortgagor's loan which results in a payment the property owner can afford. The mortgage company generally requires the property owner to demonstrate a reason (or hardship) for this adjustment, and the owners' ability to qualify, and likelihood to stay consistent with the payments.

Forbearance. In this option the existing mortgage company permits the property owner leeway in bringing the defaulted loan current. It may take the form of extra time allowed to pay overdue payments in return for the promise to make regular payments in the future.

Partial claim. This option allows the property owner to obtain a second loan to cover back payments, costs and fees.

Deed in lieu of foreclosure. In this option the property owner essentially gives the property back to the bank instead of proceeding with a foreclosure. This option would negatively impact any future loan applications and credit ratings.

Bankruptcy. This option can liquidate debt and postpone a foreclosure sale. Lenders may impose requirements as to property condition and tax status.

Sale of the property. If a property has equity the property owner may sell the subject property without lender approval through a **Conventional Sale**. If the amount owed on the property is more than the property's value a **Short Sale** can be negotiated with your lender.