Thousands of homeowners face foreclosure daily in the U.S. These homeowners have experienced an unfortunate circumstance that has affected their ability to pay their mortgage.

Some have suffered a loss of income or of a spouse...others might be going through a divorce or a health issue. These are just a few situations that can cause a homeowner to fall behind on mortgage payments leading to foreclosure.

Typically in Texas, when a borrower is about 90 to 120 days delinquent on the loan, the lender sends a breach letter notifying the borrower of the default. This letter is a notice before foreclosure giving the borrower about 20 days to cure the default. The ***notice of default*** must be given by lender 21 days before serving notice of sale.

After the notice of default, the lender exercises an ***acceleration clause*** in the mortgage <u>that gives the bank the right to demand immediate payment of the entire balance</u>. If a payment arrangement hasn't been made within the specified time, the lender will issue a notice of sale. The lender is required to send the notice 21 days before the sale of the property at auction.

Here are 10 popular options to STOP a Foreclosure

1. FORBEARANCE AGREEMENT- A mortgage forbearance agreement can be an option to a borrower that has a difficult time making payments. In this agreement, ***the lender agrees to reduce or suspends mortgage payments for a period of time and agrees not to initiate a foreclosure***. The borrower must resume the full payment at the end of the period, plus pay any additional amount to bring missed payments current including principal, interest, taxes, and insurance. The terms of the agreement will vary depending on lenders and situations. A forbearance agreement is a short term solution that allows a borrower to avoid foreclosure until the financial situation of the borrower improves.

2. REPAYMENT PLAN - ***A repayment plan is an agreement offered by a lender to spread the past due amount over a specific period of time***. During this repayment period, a portion of the overdue amount is added to each of your regular mortgage payments. A three to six month repayment period is typical.

3. LOAN MODIFICATION - A loan modification is a permanent solution for borrowers in financial hardship that can't afford their monthly payments. With a loan modification, ***the lender can assist the borrower in reducing monthly payments in several ways: reducing the interest rate, converting from a variable interest rate to a fixed interest rate or extending the length of the loan term***. In other words, it changes the terms of your existing loan. To be eligible for a loan modification, borrowers must show they can't afford the current mortgage payments because of financial hardship, show they can afford the new mortgage payment within a trial period and provide required documentation to the lender.

4. REFINANCE - ***Refinancing is the process of replacing an existing mortgage with a new loan***. Typically, the new mortgage reduces the monthly payment and interest rate or changes a loan program from an adjustable to fixed-rate mortgage.

5. SHORT REFINANCE - A short refinance is a transaction in which ***the lender agrees to payoff your existing mortgage and replace it with a new loan with a reduced balance, new rate and term***. Typically, the new loan amount is less than the existing outstanding loan amount, and the lender sometimes forgives the difference

6. DEED IN LIEU - (Mortgage Release) - A deed in lieu of foreclosure is ***a title transferring document signed by a borrower that transfers the title of the property from the owner to the bank*** that holds the mortgage in exchange for the release of all obligations under the mortgage.

7. BANKRUPTCY - ***Immediately stops foreclosure.*** Filing for bankruptcy will temporarily stop the bank from foreclosing on your home regardless of which chapter you file under. The hold on foreclosure by the bank varies depending on chapter filed and situation.

8. PAYOFF ARREARS - ***A payment made to bring the mortgage payments curren***t.

9. SHORT SALE - ***A short sale occurs when a borrower sells the property to a third party for less than the total remaining balance on the mortgage***. The bank agrees to accept the proceeds from the sale in exchange for the release of all obligations under the mortgage.

10. SELL PROPERTY - List property for sale with a real estate agent or sell to an investor .

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www.ticotherealtor.com

tico@ticotherealtor.com

(214)210-4104

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