

What to do when you're FACING FORECLOSURE



A practical guide to avoiding
foreclosure and taking back
control of your life

BY KATIE SOUTHGATE

My Reason Why

My name is Katie, and I wanted to get into real estate for around 20 years. I was on the sidelines while I focused on my W2 career as Human Resources Director, and it was only during lockdown in 2020 that I was spending more time on social media & AI was directing me to mentorships & workshops linked to Real Estate Investing.



From there I invested in my personal knowledge with a mentorship of \$19,500. My new RE knowledge combined with my motivation to take action has allowed me to purchase 2 properties within only 4 months of starting my business. I have always been drawn to helping people, I personally cared for my grandmother in the later years of her life, she was very emotionally tied to her home which she rented & wouldn't go into a retirement home or assisted living accommodation. When she passed, the home owners allowed us 5 days to clear out her belongings & move on. I remember this being difficult for my grieving mother to fulfil this timeframe. This is something that has driven my need to be a responsible investor. These are not just houses they are homes & it gives me great pleasure to know I can help people at all stages in their lives related to where they call home.



• 8 Options when you're facing foreclosure

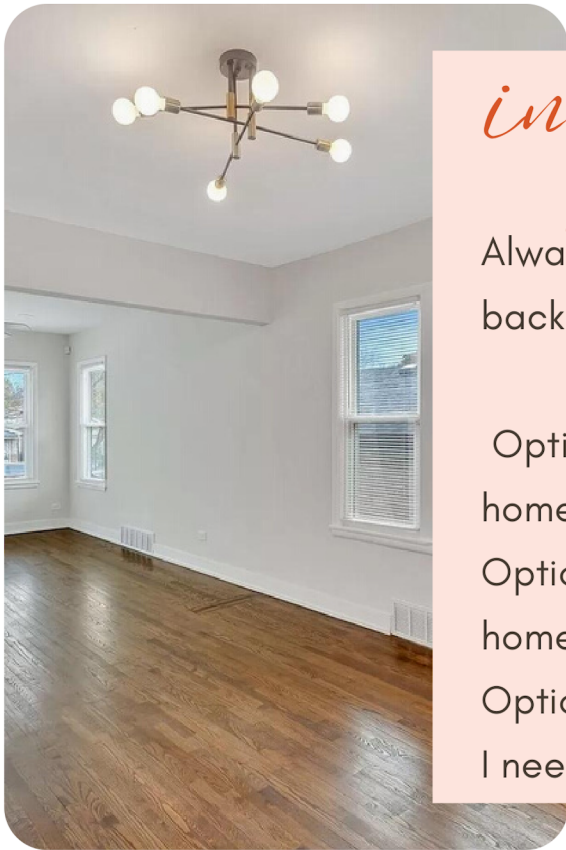
1. Loan modification
2. Forbearance agreement
3. Refinance your mortgage
4. Deed in Lieu of Foreclosure
5. Sell your home to a Realtor
6. Sell your home to a Cash Buyer
7. Sell your home "Subject to Existing Financing"
8. Do nothing and lose your home

Full Disclosure

I am not an attorney, financial advisor or CPA. I am a real estate investor with a lot of experience in assisting homeowners facing foreclosure so I'm just laying out some common strategies I've seen that have had success in stopping foreclosures the past for Judicial

Foreclosure States

In the next pages I am going to explain what each of the above options means and then you can weigh up the information and make an informed decision.



important tip

Always have a Plan B working in the background while you're trying Plan A first

Options 1-3 are aimed at you KEEPING your home.

Options 4-7 are aimed at SELLING your home if that is the best way forward for you
Option 8 - it doesn't sound like an option but I need to give you ALL the information

Don't want to take action? Consider Your Alternatives...

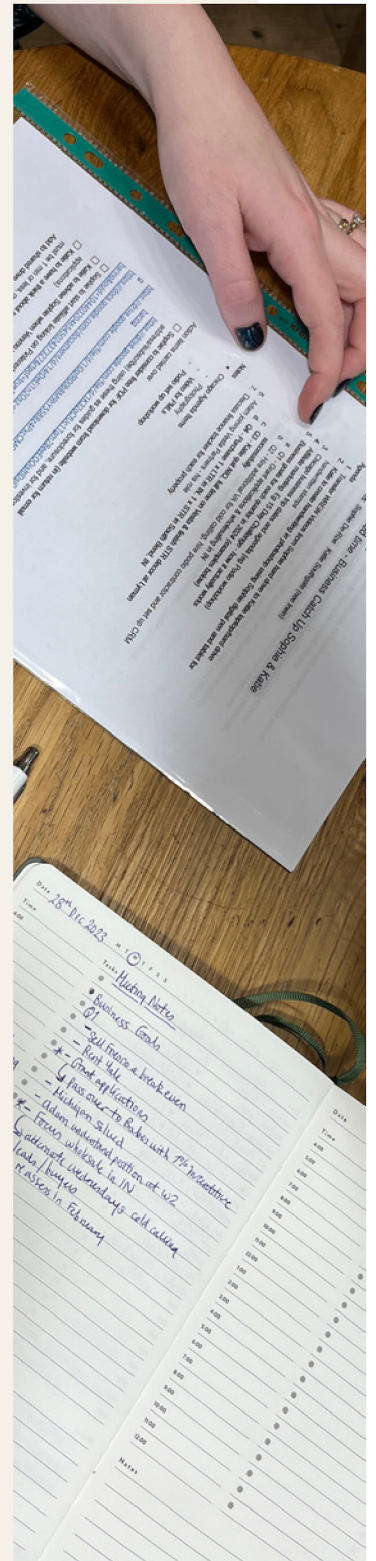
Right now, you are facing a horrible situation that no one would wish on anyone. It is stressful and worrying, and all you want to do is stick your head in the sand and hope it all goes away.

The biggest problem here is that it won't go away. And we want to gently guide you through your options so that you don't end up like the 186,000 American people that go into foreclosure every single year in the United States.

When the alternative is losing your house, and having it taken away from you, you can rest assured that by taking action now, you are doing the right thing.

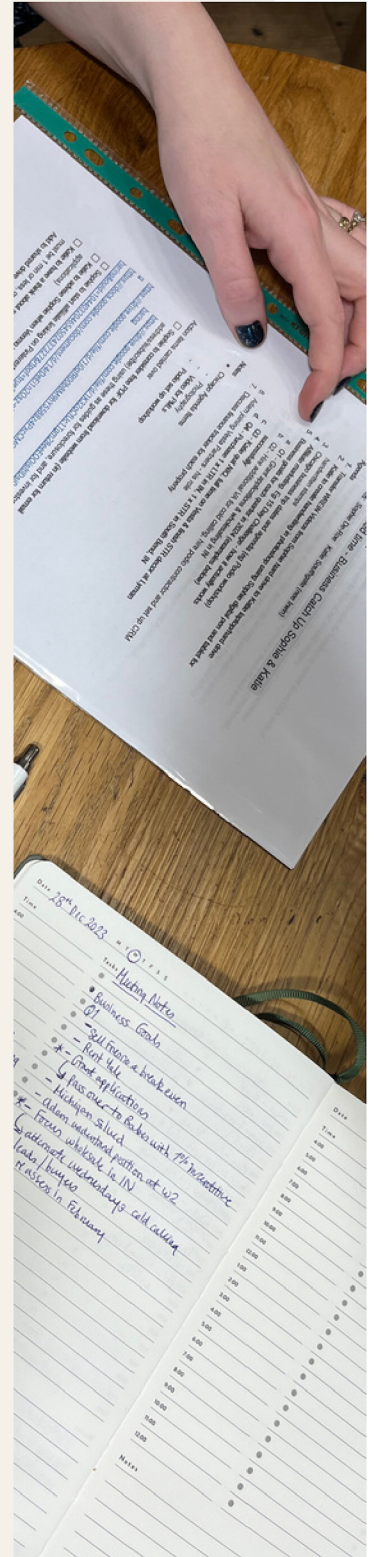
What Does Each Option Mean for Me?

1. Depending on the type of loan that you have, a loan modification might be available to you. It may increase the loan amount over the life of the loan but it makes the monthly payment more manageable. Be warned – few are approved and if you default or pay late then you are going to go back into foreclosure. You can work directly with your lender, but be very leery of what they tell you. Don't take anything you are told on faith, get it in writing. If they tell you they are delaying the foreclosure, verify that with the Public Trustee. There is a 6 month trial process. During this time, if you are even 1 day late or \$1 short, you will be immediately accelerated back into foreclosure.



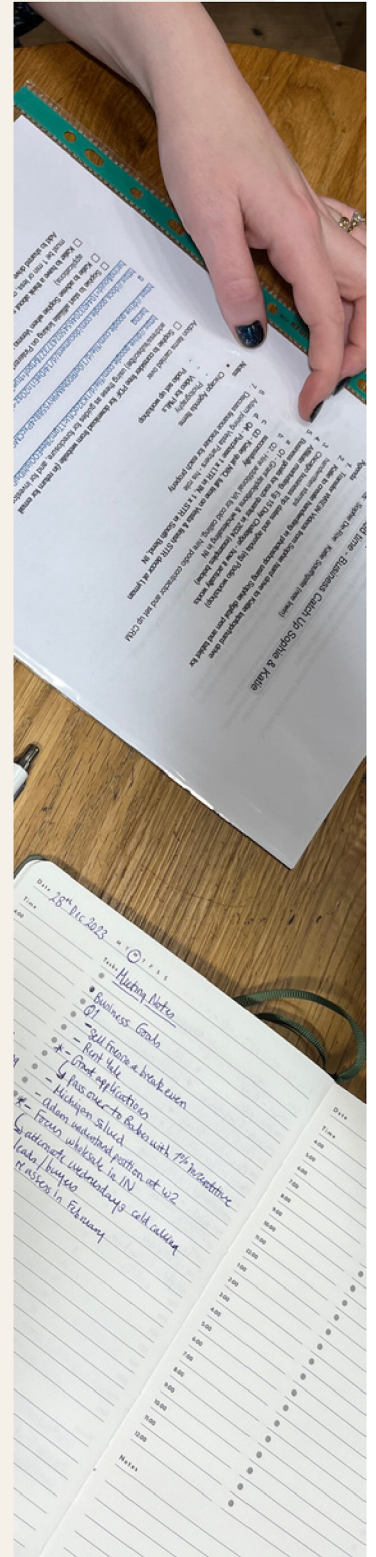
2. A forbearance agreement is where you work out an agreement with the bank to bring your existing loan back to into current status. Your monthly payments will be raised for a period of time while you pay the attorney fees and an amount off the back payments. You are still in foreclosure until all the back payments are made and the bank releases you.

3. If there is enough equity remaining in your property, the bank might consider letting you remortgage. Any missed payments would be included into the new loan balance. You will need to be mindful that remortgaging when you are late on payments is very unlikely and sometimes the mortgage broker is not completely honest - charging you appraisal fees and broker fees before telling you that you do not qualify.



4. A deed in lieu of foreclosure means that you give up ownership of your house and deed it back to the bank. The bank will generally always accept this, but it is not always the best idea because they will still place a foreclosure on your credit file, which can have an impact on future home ownership. You could even end up with a judgement for the balance owed if the bank sells the house for less than what you owe.

5. If you decide to sell to a Realtor, you would need to disclose that you are behind on payments and it usually takes at least 30-45 days for a Realtor to close on your home. This option will only work for you if you have at least that time available before your house goes to a foreclosure auction. Always be careful when working with Realtors and make sure you get everything in writing. You may have to accept well below market value as well.

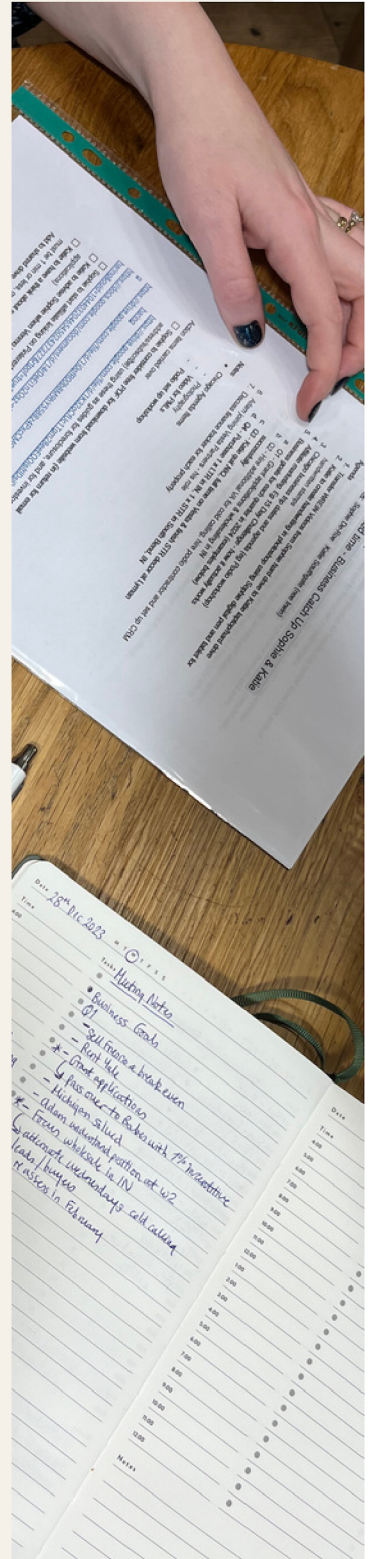


6.

A cash buyer is able to close within 2 weeks and will pay more than if you were forced into listing your home on the open market with a Realtor. This could be the best option all round if you want to have cash in your pocket and walk away free and clear.

5.

This means that you can deed your property to a cash investor and in exchange they will make all of your late payments as well as any ongoing mortgage payments until the property is sold or refinanced. We file the deed at the courthouse and pay you an agreed upon amount, then discuss a date for you to vacate the property. This is a good way to redeem your credit as your name remains on the mortgage whilst we make all the payments on your behalf.



The Last Resort – Doing Nothing

This does not sound like an option however, we must present all options to you. In a foreclosure, your home will end up at a local option. Shortly after your home is sold at the auction, a Sheriff Deputy will show up to your house to remove you, your family, and all your belongings to the curb. A foreclosure is essentially dropping an atomic bomb on your credit. This hit to your credit will most likely disqualify you from acquiring new credit cards, possibly getting a new job, a new car, purchasing another home, and even renting an apartment. A foreclosure will remain on your credit for 7 to 10 years. I absolutely do not want this to happen to you. You may even end up with a judgement against you for the balance owed if the home is sold for less than you owe. You have other options, but avoiding choosing one of them means your situation will end this way instead.



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Reasons to Avoid Foreclosure

- It can scar your credit as much as 200-500 points or more, depending on your credit score before the foreclosure and other debt payment history.
- It can stay on your credit history for as much as 7-10 years
- You may not be able to buy another home for years to come.
- Renting a decent apartment could be more difficult with foreclosure on your credit history
- If this was not your primary residence the IRS may be able to issue a 1099 for the amount of the loan that still had not been paid back, meaning you could also have to show this amount as phantom income for your next years taxes. This will affect your tax returns as well. Consult your CPA and/or Attorney's on this to verify.
- You lose your house and any/all equity you may have had in it..

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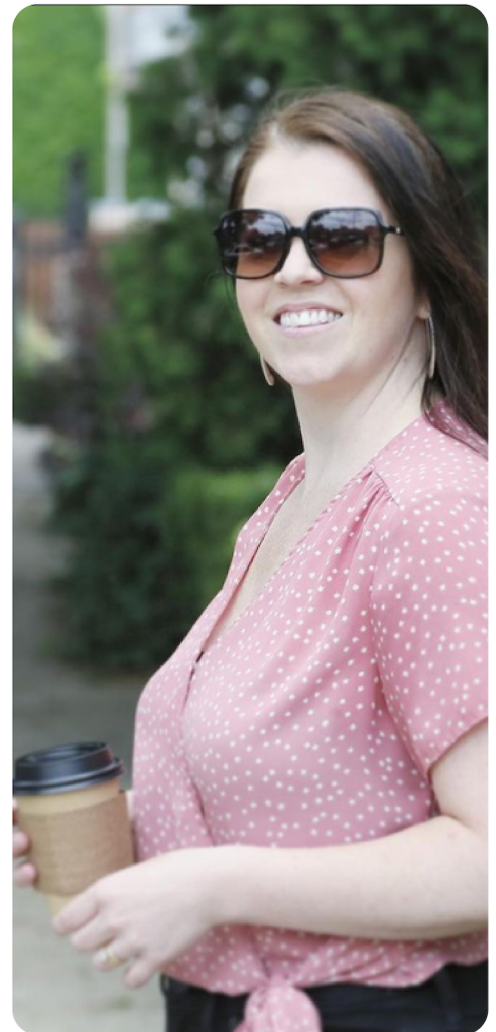
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“Now that you know a little more about your options, please call me today to discuss them in depth and learn which one will be best for you and your family. We want you to know that there are several options to choose from rather than losing your home to foreclosure. Since everyone’s situation is different, we wanted to share this information packet with you so you can make the best decision for you and your family. We will help in any way that we can.

Ask For Advice!

Please contact an attorney for legal advice, an accountant for tax advice, and a mortgage broker for loan information/questions. My mission is to give you the knowledge and understanding you need to help you make the right decision for your situation.

Call me today, and get that fresh start that you deserve.



Thank You
