Uncover the Hidden Reality

Behind Loan Mod Approvals, Why 50% of Approved Homeowners Re-default, and What You Can Do About It!

LOAN MODIFICATION SECRETS

Prepared Exclusively for You!

Gregory Hanna, Jr.
Exit Advance Realty
8500 Westphalia Road
Upper Marlboro, Maryland 20774
(240) 304-0576
www.marylandhomes4you.com

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There is an interesting trend happening among people who are in danger of losing their home to foreclosure. On the news, homeowners have heard a lot about government intervention with major lending institutions, requiring them to help homeowners keep their home. Loan modifications, many believe, is the only answer that lets them keep their home.

As has been typical during the recent housing crisis, there is a lot of misinformation out there. In some cases, this misinformation has caused false hope.

Loan modifications can be a very good solution under certain circumstances. Unfortunately, most homeowners who find themselves under the threat of foreclosure are living in a financial situation beyond the help a loan mod can provide. In some cases, a loan modification can leave them worse off than they were before. Consider the following facts:

According to the US Department of Housing and Urban Development, 50% of people who receive a loan modification end up being at least 30 days late on their payment within 6 months.

In the same report, HUD determined that a full 3rd of people who receive a loan modification find themselves at least 60 days late on their payment within 6 months.

Of all the loan modifications that were issued from 2009-2010, 72% of them added more money on the loan than the original loan amount, according to the 2011 Joint Center of Housing Studies report from Harvard University.

Some homeowners believe that a loan modification is the same thing as principle forgiveness. The reality is, a loan modification simply reorganizes the loan to provide temporary financial relief.

What does "CDPE" Mean?

As a Certified Distressed Property Expert, I have devoted a significant amount of time to educating myself on all the options that are available to homeowners in danger of losing their home to foreclosure. I have received extensive training to receive this exclusive designation. This training has taught me how to recognize the best option for every homeowner's unique situation as well as how to complete the processes involved in the most efficient way possible.

CDPE

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Before making the decision to rely on a loan modification to solve a mortgage crisis, homeowners should ask themselves the following questions:

1. Has the bank already begun the foreclosure process?

If the bank has already given notice of default, then the clock is ticking. In the past couple of years, there have been cases where foreclosures have taken as long as 2 years before homeowners lose their homes, but those days are gone. Today, foreclosure happens much more quickly, which means that homeowners have less time to educate themselves on their options. A loan modification might be a solution, but there are many other options to consider.

2. How much other debt do I have?

For some homeowners, a brief, unexpected issue may have put them in a financial bind that is threatening their home. For most homeowners, however, their financial issues are not limited to just their mortgage. Many of these people have found themselves in quite a lot of debt. If you have a high debt-to-income ratio, there is a much smaller chance that a bank will be willing to grant a loan modification because of the chance of redefault. In those cases, the bank may determine that a foreclosure makes more financial sense for their bottom line.

3. Is the issue that is causing my hardship temporary?

If a homeowner unexpectedly loses a job or finds that a temporary health issue has created the hardship that now threatens their home, but they know that the situation will resolve itself if they can simply buy themselves a bit more time, then a loan modification could be a very good solution. However, if the problems are more widespread and have no real end in sight, then a loan modification will be unlikely to help in the long term because of the high likelihood of redefault.

4. Is it mandatory that I stay in my current home?

The number one reason why a loan modification is such an attractive option is that it allows the homeowner to stay in their home. By exploring other options, like a selling, renting the home, refinancing or a short sale, homeowners open themselves up to the possibility that there might be a better solution for their situation than a loan mod.

5. Have I considered other options?

There are lots of other options for homeowners in this situation that will allow them to walk away from an unmanageable mortgage on their own terms. A short sale, for example, allows homeowners to settle with the bank with dignity and with a minimal impact on their credit scores. In many cases, the homeowner can be back on their feet in anywhere from 6-18 months.

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As a Certified Distressed Property Expert (CDPE), I am uniquely qualified to walk distressed homeowners through the many foreclosure alternatives that are available. If you or someone you know could use my help, call me today or visit my website to set up a free, confidential consultation. Together, we will work to the best possible solution for any situation.

WHY WOULD A BANK ACCEPT A SHORT SALE?

It can sometimes seem to go against everything we are taught about borrowing money, but in today's market, banks will gladly go accept a short sale as an alternative to foreclosure. Here are three reasons why:

1. **In a short sale, the bank never owns the home** – It is often overlooked, but this is one of the major reasons why banks prefer short sales. Having to take back the home and then sell it at auction is a major undertaking that can be expensive. In a short sale, there is already someone who wants to buy the home, so that hassle is taken care of.

2. **In a short sale, the home is generally in better shape** – It is a sad fact, but when people are about to lose their home to foreclosure, they will sometimes try to distance themselves emotionally from the home in order to cope. This can lead to the home not being taken care of, which makes it that much harder to sell. In a short sale, the seller is always being proactive and is generally more responsible.

3. **In a short sale, the bank gets more money** – Ultimately, this is the main reason. Even though the bank is not getting the full amount of the loan, the amount of the average short sale is almost always significantly more than what they can sell a foreclosed home for at auction.

All of these factors combine to make a short sale the best solution for the bank.

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