



Distressed Home Owner



Guide

**The Complete Guide For Any Home
Owner Facing Difficulty**

"Let us introduce ourselves and explain why we've created this FREE report to give you the information you need for resolving Your distressed property issues!"



Dear Homeowner,

How to deal with a tax lien, notice of default or even a notice of sale can be confusing. Why? Because you're bombarded with misleading information, confusing claims, and bad advice from people who aren't accountable or responsible to you for the advice they give.

How do you find solid, practical advice to help you decide what steps to take when dealing with these stressful issues? **I invite you to start by reading this free guide.**

I am providing this resource so you may avoid some of the biggest pitfalls we see homeowners make every day. In this fact-filled report, you'll discover the amazing secrets we've used to assist our clients in making the right choices when dealing with confusing issues.

What we're going to share with you isn't just a theory. We and our clients and have tested it. In this simple, yet profoundly powerful report is a compilation of ideas we've discovered over the years.

With this information, you will discover how to find support as you tackle the property issue you now face.

And, if you have any questions about the information in this report, send me an email at hello@kambyshouses.com or give us a call 833-KAM-BUYS. I've dedicated my business to helping people just like you.

Warmly,

Kamran

Are you facing losing your home due to financial difficulties?

This material is being provided specifically for homeowners who are facing the possibility of losing their homes due to difficulties in keeping current with their mortgage payments.

The information presented is done so with the understanding that although every effort has been made to ensure accuracy, I recommend all legal or tax-related decisions be made in consultation with the appropriate professionals. I am happy to provide you with some amazing real estate attorneys, accountants or any other professionals you may need.

The reason this guide is being made available exclusively for homeowners is for two reasons:

1. While there already exists a great number of guides, books, and seminars devoted to educating buyers and real estate investors about foreclosed or distressed property opportunities, sadly there is far less professional focus devoted to strategically equipping homeowners with available options.
2. There is a natural connection that exists between local home buyers and investors who serve local communities and local homeowners. Understandably, it is only natural for community-conscious real estate home buyers to care about the interests of those already living in and owning real estate within one's local community, especially when such homeowners are experiencing challenging times.

Not every property is the right fit for every home buyer or investor. As not every home buyer is the right fit for the home seller. I like to help homeowners that have already tried the traditional sale routes or need an experienced buyer that can give a fair cash offer with out the hassle.

And like I do with all my home sellers, I am always happy to give free guidance, even if we decide not to work together. That is the least I can do as a real estate expert

Reviewing your options

If you are behind in your mortgage payments, you are not alone. Essentially, none of us are ever fully protected from the possibility of financial duress. Indeed, medical bills, under-employment or loss of a job, divorce, and death are among the many causes of mortgage default.

The best approach is the fully understand your situation and face the problems head on knowing your options. Here are a few options to consider.



Before we move onto the options, please be aware of the distressed property scams...

Look out for anyone claiming or wanting the following:

1. Anyone who instructs you to make mortgage payments directly to them.
2. Anyone who asks for a fee upfront. Government agencies do not charge for counsel or advice.
3. Anyone who claims (but cannot prove) they are associated with a government program.
4. Anyone who asks you to sign over a deed to them, without having an attorney first review it.

Traditional Sale

There are numerous examples of homeowners who, even though they had equity, allowed their property to go into foreclosure because of a loan default when they could have sold their property and left with a profit and uninjured credit rating.

This Option is for you if:

- You can move out of the home at the time of closing?
- You have the time and funds to make any repairs needed on the property. Most traditional sales require the home seller to be able to provide a CCO and make the repairs agreed with the attorneys.
- You have equity in the property. That is you will have a positive profit after you pay the mortgage, attorney, realtor fees and other closing costs.

This option is not for you if:

- You owe more than what your house is worth.

Rent Property

Sometimes home owners can rent their property for more than what their total expenses are including; mortgage, tax, interest and repairs costs.

This Option is for you if:

- It is possible to rent your property at a price that will pay for the mortgage for a period of time that you are settled.
- You have space to live in the house or move in somewhere else, ie friends or family.

This option is not for you if:

- If your rent will not cover your mortgage payments and your bank will not do a repayment plan or loan modification.

Forbearance Agreement

This potential agreement with your lender provides short-term relief. Essentially how this works is the lender agrees to either reduce or suspend the mortgage payments for a certain amount of time and agrees not to initiate a foreclosure process during this time.

You, the borrower, must agree that after the forbearance period, where payments are either suspended or reduced, you will catch up on all suspended or reduced payments.

Note: Usually your payments are not suspended or reduced during the this time frame.

This Option is for you if:

- If you just need a few months time frame to settle and will be able to make the payments in the near future. For example if you have a new job and it will be starting in 2 months.

This option is not for you if:

- You do not have a way of making the original payments in the near future, otherwise you will go back to the same situation. Usually the banks sometimes will expedite the foreclosure process after the forbearance period.

Loan Modification

This is a very popular option and most banks recommend you try this before the shortsale process.

If you can get a loan modification approved, the bank can sometimes agree to:

- A fixed and lower interest rate
- A lower loan payment
- Extended terms
- Reduction in the loan principal

**IMPORTANT: There are many loan modification scams out there. Please DO NOT pay anyone upfront and always work with government authorized loan modification officers.*

Deed in Lieu of Foreclosure

This is a deed instrument in which the borrower conveys all rights and interests in their property to the lender to avoid foreclosure and satisfy a loan that is in default.

Lenders are willing to do this when they believe the cost of repossessing the property is greater and more inconvenient than simply taking over the property in a far less public and eventful way. There is much more to this, such as circumstances surrounding loan to value ratio, present market, and salability of the property, along with other considerations, which are factored in.

I always recommend a Short Sale over this option because you get to stay in your home when the shortsale is taking place, you do not have to pay any expense including your attorney fees. Plus the banks usually will give you money to help you relocate.



Short Sale

A short sale is a sale of a property in which the funds from the sale are less (fall short) than the balance owed on a loan secured by the sale of the property.

Each lender is different, therefore, carefully review the following related points and work with an experience short sale realtor and attorney.

This Option is for you if:

- You owe more than what your home is worth.
- You have been behind on payments for more than 6 months. This means you are likely to be on the Sheriff Sale, then the time frame can be very short from when your property will be sold at Sheriff Sale and you will be foreclosed. *I advise contact us immediately if your property has already shown up in the Sheriff Sale. My expert team can help you avoid foreclosure.*

This option is not for you if:

- If you have enough equity on your property and enough funds to make any repairs needed.

Once you decide to do a Short Sale, I will link you with an experienced Short Sale Realtor and an attorney. You are welcome to use your own realtor and attorney or use my experienced recommendations. Our team will be there for you every step of the way to make sure your short sale is done without any hiccups, and you walk away with cash. Please note, if you do not work with a highly experienced team, your house may go into foreclosure and only option left may be a bankruptcy to stop the sale. You should always avoid a bankruptcy.

Foreclosure



There are three stages of foreclosure:

1. Pre-auction – Lis Pendens
2. Public auction
3. Lenders who take over the marketing and sale of the property

The pre-auction stage is where the lender has declared you in default and this becomes publicly posted and listed. Nowadays its usually listed online in the Sheriff Sales websites.

During this period, many unscrupulous parties will reach out to homeowners offering to negotiate with your bank or claiming they can stop the foreclosure by helping you file for bankruptcy. These individuals, some of whom are scam artists, will attempt to get financial information over the phone, charge you a fee, and even ask you to sign your title over to them. Whenever you are uncertain, you can always reach out to me.

The public auction stage is when, even if a property sells, there may be an amount of time where the homeowner can get their property back by making payments in full for the mortgage and all debts.

The third stage of foreclosure is where lenders if they are not satisfied with the outcome of the auction sale, take on the marketing and sale of the property they now own themselves. This is referred to as Real Estate Owned (REO) sales. The real estate owned departments of banks manage this process.

Because this is a lengthy and costly process and the government offers financial incentives, most lenders are agreeable to many of the options outlined in this educational resource.

The more you understand the impact a foreclosure or bankruptcy has on the lender, the more confident and aggressive you can be regarding your many options (including those options not covered in this report).

Bankruptcy

Given the enormous and holistic implications of bankruptcy, you should contact an attorney and learn how either a Chapter 7 or Chapter 13 Bankruptcy can impact your ability to remain in your home. If your goal is to remain in your home, please contact me immediately instead of filing for bankruptcy, as it can be detrimental to you.

So What's My Next Step?

Call me for a free consultation at 833-KAM-BUYS (833-526-2897) or visit my website at www.kambuyshouses.com I will be able to answer your questions and concerns in detail and give you the best solution or at least recommend you to someone who can help. If your home fits my buying criteria, then I will give you a fair cash offer in 24 hours!



We're here for you.

 **kam**
BUYS HOUSES

kambuyshouses.com 833-KAM-BUYS

Glossary of Terms

A

Acceptance – The time at which an offer to purchase is accepted. The fact that it was accepted must be relayed to the person that made an offer for all parties to be bound to the contract.

Amortization – The repayment of a loan over time. With each payment, there is a reduction of both principals (the original amount borrowed), plus the interest.

Appraisal – A professional determination of value. Mortgage companies usually require an appraisal of the property by a licensed, disinterested party before agreeing to loan money on the property. Methods of determining value may be based on many things, such as comparable sales in the area, the cost approach, the income approach, or the highest and best use of the property.

As-Is Condition – Disclaiming any warranties or representations regarding the condition of the property.

B

Back-Up Contract – A contract or offer that is in a secondary position to an already existing contract. This contract shall be elevated to the first position if some condition in the first contract is not met. If the first position contract is consummated, then the second contract is no longer in effect.

Bridge Loan also called a **swing loan** - A short term loan used to transition in between paying off an old loan, and the inception of permanent financing. This is often used to build or purchase a new home when the previous home is still owned but is up for sale. Once the previous home is sold, and the owner receives the proceeds from that sale, permanent financing is usually obtained.

C

Certificate of Title - A statement verifying who has the rights and responsibilities of ownership in a property. This may be ascertained by a public record search but does not guarantee that any other parties may not stake a claim to the property. Title insurance protects against claims that may arise against the title.

Clear Title - Ownership that is free of liens, defects, and encumbrances, beyond those which the owner agrees to accept.

Closing - The transaction where title passes from seller to buyer and the seller is paid. A settlement statement shows all costs incurred and gained by both parties.

Closing Costs – The expenses incurred in obtaining the property and transferring title to the new owner. This may include but is not limited to attorney's fees, points, title charges, credit report fees, document preparation fees, mortgage insurance premiums, inspections, surveys, appraisals, prepayments for property taxes, a deed recording fee, and homeowners insurance.

Commitment Letter, also known as a **loan commitment** - A written offer by a lender to make a loan by a particular date under certain conditions. A buyer has more clout with a seller if they submit a letter of loan commitment from their lender to the seller at the same time they submit their offer to purchase to the seller than a buyer who has not even applied for the loan yet.

Contingency - A condition that must be met before a contract is legally binding, or before a sale is to be completed. The contingency provides an out or an escape from performing if the condition is not met.

A Homeowner's Guide to Resolving Distressed Property Issues © Copyright 2020. All rights reserved.

For any real estate advice pertaining to financial, legal, or tax related information, please contact a professional. The practice of real estate representation may vary by state. Ask your real estate agent for agency information pertaining to your state and company.

A conventional loan or conventional mortgage - A real estate loan, which is neither insured by the government agency FHA nor guaranteed by the Veterans Administration. Typically, subject to the terms of their institution, the conditions may be more flexible, as the lender is not required to follow federal guidelines. The lender looks to the credit of the borrower and the security of the property to ensure payment of the debt.

Counteroffer - If the receiver of an offer makes any changes to the original offer, it is considered a rejection of the initial offer and becomes a counteroffer.

D

Deed of Trust - Some states use a deed of trust to convey property being held as security for a loan. This document is then conveyed to a trustee and can be used to sell, mortgage, or subdivide the property.

Deposit – (also called Earnest Money) - A good faith deposit of a sum of money offered by the prospective purchaser at the time of the offer to purchase. These funds are typically deposited into an escrow account and held until the real estate closing takes place. At the closing, the buyer is most often given credit for the earnest money that has already been paid, but in some cases, it may be returned to the buyer at closing. These funds may also be returned to the buyer in some cases if the contract on real property doesn't go through to a final sale.

E

Earnest Money (also called Deposit) – Funds given by the buyer and held in an escrow account until the real estate closing. In some cases, these funds are refundable if the loan fails to close, but if the loan does close, the purchaser is given credit at closing for the earnest money.

Escrow – A neutral third party holds other people's funds in a secure account for future use. An earnest money deposit is held in a real estate broker's *escrow* account. It is the broker's account, but he is holding the buyer's funds in the account for safekeeping until closing. In the case of a mortgage, the total monthly mortgage payment may include funds to pay for future taxes and insurance paid in addition to the principal and interest. This escrow is held by the lender until taxes and insurance are due, at which time the mortgage company pays the taxes and insurance on the borrower's behalf. After the taxes and insurance are paid, the lender may re-adjust the total monthly payment to insure sufficient funds for future escrowed items.

Exclusive Agency Listing – A written agreement between a property owner and a real estate broker giving the broker the exclusive right to sell the property for a specified period and at a specified fee. Agents whose licenses are held by a broker may sign on their broker's behalf.

F

First Right of Refusal - A legal right by an individual giving that person the first opportunity

to purchase or lease real property.

H

HUD -The U.S. Department of Housing and Urban Development. This is the agency responsible for enforcing the federal Fair Housing Act. Among HUD's many programs are urban renewal, public housing, rehabilitation loans, FHA subsidy programs, and water and sewer grants. The Office of Interstate Land Sales Registration, the Federal Housing Administration (FHA), and the National Mortgage Association (GMNA) are all under HUD.

A Homeowner's Guide to Resolving Distressed Property Issues © Copyright 2020. All rights reserved.

For any real estate advice pertaining to financial, legal, or tax related information, please contact a professional. The practice of real estate representation may vary by state. Ask your real estate agent for agency information pertaining to your state and company.

L

Loan Commitment - A lender's written approval granting a specific loan amount, conditions, and a set time limit for closing the loan.

Loan Origination - The process of applying for a mortgage loan.

Loan Originator - The person who assists borrowers in obtaining their new loan.

Loan to Value - The ratio of the amount of the loan divided by the value or sales price of the home.

Lock-In - An agreement in which the lender guarantees a specified interest rate for a certain amount of time at a particular cost.

N

Non-Conforming Loans - Loan amounts that exceed FNMA's \$417,000 (as of July 2006)

maximum lending.

P

Possession - The buyer occupying the property that is purchased or a tenant occupying the property that is leased. In a real estate sale, possession is rarely granted prior to closing when the seller receives their funds.

Prequalification - Having a mortgage lender advise that debt ratios and credit reports plus other factors show a borrower qualifies for a specific loan amount before signing a contract.

Purchase and Sale Agreement - The contract between the buyer and seller stating terms, conditions, sales price, and other pertinent information about the property being purchased.

Q

Qualify - To meet the guidelines based on debt, income, and creditworthiness. **Qualifying Ratios** - Comparing a borrower's income to their proposed monthly housing expense. Also comparing their income to monthly housing expenses added to all the borrower's other debt obligations.

Quit Claim Deed - A document by which one property owner releases his or her claims, rights, and interest in a particular property.

R

Rate Lock - When the lender issues a written commitment to a borrower as to a specific interest rate for a specific amount of time.

Real Estate Owned - (REO) - Real estate that is owned by a bank or financial group. Usually a result of their borrowers defaulting on the loan and the subsequent foreclosure of the property from that buyer.

Right of first refusal - - The right to the first opportunity to lease or purchase real property. For example, apartment tenants might retain the right of first refusal when their units are being converted to condominiums.

S

Sweat Equity - The equity earned as a result of the owners' labor in upgrading and improving the property.

T

Tax Lien - A lien against a property for unpaid taxes.

Ten Thirty-One Exchange - (1031 Exchange) - A means of deferring capital gains taxes on real estate exchanges for like-kind properties. This is allowed under the U.S. Internal Revenue Code, Section 1031.

Term - The length of time it will take to pay the mortgage in full.

Time Limit of an Offer - An offer should include a specified time period during which the other party must decide to accept, reject, or counter the offer.

Title Company -The company that, for a fee, checks and insures the title against liens, ownership claims, and title problems.

Title Insurance - An insurance policy that may be purchased to protect the new owner from any liens or clouds against the title. In order to issue title insurance, the issuer will perform a title search in the county records. Since the title is searched at the time of closing, title insurance is usually less expensive at the time of closing, rather than if a buyer called the title company at a later time as an additional title search would have to be performed prior to issuing the insurance. **Title**

Search - A review done by the title company's representative of all records available to determine if the title is indeed clear of all liens and claims.

Disclaimer: Kam Buys Houses is a real estate investor and this information is not provided as a substitute to a legal advice. We always encourage our home owners to consult an attorney and/or a tax professional for consultation as well especially when is it regarding something so important as your home.