

OUTLINE OF FORECLOSURE AND OPTIONS

I. **PRE-FORECLOSURE OPTIONS**

A. **CONTACT LENDERS LOSS MITIGATION DEPARTMENT**

1. Be diligent & patient
2. Get names & extension numbers of loan representatives and date of call
3. Continue to work on modification even if foreclosure proceedings filed

B. **FOREBEARANCE/REINSTATEMENT**

1. Temporary reduction or suspension of payments
2. Payments plus extra resume to catch up missed payments

C. **MODIFICATION**

1. Restructure loan to lower payments
2. Lower interest or extend length of payment term
- 3.

D. **SHORT SALE**

1. Sale for less than debt
2. Negotiate for release, but not common
3. Get short-sale package from lender in advance

E. **DEED IN LIEU OF FORECLOSURE**

1. Transfers title back to bank
2. Title must be clear
3. Give up possession if deed accepted
4. Negotiate a release, but not common

F. **HUD COUNSELORS (888-995-4673)**

1. Florida Agencies
 - a. Community Legal Services of Mid-Fla (386-255-6573)
 - b. CCCS of Central FLA (800-741-7040)
 - c. Central FLA Community Development (386-258-7520)
 - d. Mid-FLA Housing Partnership (386-274-4441)
 - e. Florida Attorney General (866-966-7226)

G. FEDERAL PROGRAMS

1. American Recovery & Reinvestment of 2009
(see Financialstability.gov; makinghomeaffordable.gov)
2. Mortgage cram-down law
(Helping Families Save Their Homes Act of 2009)
(see govtrack.us/congress/bill.xpd)

II. FORECLOSURE

- A. 20 day summons
- B. Demand proof of ownership by Answer or Motion to Dismiss
- C. Summary Judgment & Sale
- D. Deficiency – Not common & applies on to person who signed promissory note
- E. If deficiency is cancelled b/c of short sale of principal residence, no tax on debt-forgiveness per "Mortgage Forgiveness Debt Relief Act of 2007" ; must complete IRS form 982.
- F. 2nd Mortgage – wiped out & debt may be pursued by legal action
- G. Clerks auction of property cannot be scheduled for less than 30 days after entry of judgment; certificate of title issued 10 days later. Writ of possession can then be issued to evict persons on property.
- H. Any bankruptcy filed to stop foreclosure must be filed before clerks auction.