Five Things You Should Never Do If You Fall Behind On Your Mortgage

Number One:
Absolutely DO NOT ever deed your property to a third party without absolute confirmation your loan has been paid off!

If you deed your property to a third party, that party then controls the property. The new owner can rent the property (and keep the rent), attempt to sell the property to make a profit, move into the property or use the property in other ways. What the new owner might not do is make mortgage payments, and that could become a big problem for you.

Just because you no longer own the property does not mean you are no longer responsible for the mortgage loan obligations. The lender made the loan to you. And until it is paid off you will be primarily responsible for the mortgage obligation. If you give up control of the property and the new owner does not pay on the loan, the damage to your credit could be catastrophic.

Note: if you believe this option is best for you, please consult with an attorney – not the buyer's attorney – before completing the transaction.

Number Two:
DO NOT sell your home at a huge discount.

Unless the actual foreclosure sale is less than 45 days away, you have time to explore options. Take a day or two and make a few phone calls. As a general rule, if someone is pushing you hard to get you to sell your property to them, it's probably because the deal they are proposing is very favorable – to them. If you have equity in your home, it belongs to you. Let's see if we can get it to you.

For a Free, no obligation assessment, just click here to submit a request. You do not need to even give us your name. No one will call you on the phone unless you specifically request it.

Number Three:
DO NOT authorize a prospective buyer to deal directly with your lender.

The buyer has one goal and one goal only, and that is to negotiate a low, probably very low, price with your lender. The buyer will ask your lender to accept a discounted payoff. The negotiations could go on over an extended period of time, and if the transaction does not work out the buyer may elect not to buy your property. It could leave you with very little time to resolve the situation and avoid foreclosure. Further, you have no control over the information that goes to your lender or the accuracy thereof. It is entirely possible that the buyer could handle the negotiation and presentation of information in a way that makes it very difficult for you to resolve your loan situation later.

If, however, you believe that your best option is to allow the buyer to work directly with your lender, make certain you consult with a real estate professional and/or an attorney before signing a contract. If you are going to do a Short Sale get representation from a real professional. It costs you nothing – the lender pays the fees. Someone should be looking out for you.

We can help, and it costs you nothing. We have fought for homeowners like you many times – and won. The lender wins also. They do not want to take your property through foreclosure. That's why they will negotiate to get the deal done.

Number Four
DO NOT DO NOTHING.

A surprising number of people just accept what they see as the inevitable, and let foreclosure run its course. Don't let it happen – the damage to your credit will follow you for years.

Take a little time to explore potential options. You do not want a foreclosure on your credit record. It will hamper your ability to get a consumer loan or a car loan for at least a few years, and it will be very difficult to obtain another mortgage for a very long time.

Also, in some cases, doing nothing and letting the property go to foreclosure leaves you open to the lender coming back to you AFTER the foreclosure in an attempt to collect. When a lender agrees to and completes a short sale, we work to have them release any future rights to pursue a deficiency.

Number Five
DO NOT pay upfront fees!

Never pay any upfront fees to a company offering to negotiate a short sale on your behalf! All of our fees are always paid by the lender, when the deal closes. We have confidence in our ability to close the transaction and will never ask you for any fees.

Not only do we disagree with the practice, it is illegal… Depending on the circumstances, short sale consulting may run afoul of, among other things, licensing laws and the federal Real Estate Settlement Procedures Act (RESPA). (Resource: California Association of Realtors (CAR) legal department)
Avoid any company that is asking for money upfront. There have been many cases of people paying upfront costs (sometimes in the thousands) and the company/person then "disappearing" or not providing the service(s) promised. No company should ask for money upfront when the service has not been provided. We get paid by the bank, when the deal closes!

If a company representing you feels confident they will close the deal, they won't be asking for that money.