

BROKERS - WE HAVE MONEY TO FUND YOUR FORECLOSURES.

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How many deals do you see each year where the borrowers need to be "Bailed-out"?

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- In Foreclosure
 - Rolling 90's, 120's or N.O.D.
 - Sub-500 scores and Need Cash
 - You can't provide a Net Benefit to the lender

BOTTOM-LINE: Sub-prime lenders do not want these deals!

You will spend 3 months fighting to get them funded.

Then you will run out of time - the sale date has come and the property is gone!

Now you have done nothing for your time and nothing for the homeowner.

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WHAT QUALIFIES FOR OUR INVESTORS? EQUITY [and in many cases we negotiate the equity to make the deals work.]

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- No Scores
 - No Mortgage History - Obviously!
 - No Income
 - JUST A LITTLE EQUITY!

GET YOUR BORROWERS CAUGHT UP NOW! GET THEM A FRESH START!

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- We can close in as little as 24 hours.
 - We will Finance 2 Payments
 - That's right - No Payments for 2 Months

HOMEOWNERS!

FORECLOSURE HELP

MONEY TO GET FORECLOSURE HELP

BEHIND ON YOUR MORTGAGE PAYMENTS Have you hit a "BUMP" in the road? Then you need foreclosure help.

Banks DENY you because you hit a "BUMP" in the road. Forget Finance Companies! We have investors that create home loans custom tailored to help good people JUST LIKE YOU! If you can show an ability to repay WE CAN GET THE MONEY FOR YOU! Foreclosure help is not out of your reach!

- Score Only, No Mortgage History to 100%
- GET CAUGHT UP NOW!
- Finance 2 Payments - No Payments for 2 Months

FORECLOSURES - You are "In Foreclosure" when you hit 120 days late on your payments. BUT, when you hit 60 days late partial payments are not generally accepted. Unless you now have 3 months payments (the 2 missed and 1 you're in) + penalties you will find yourself - "IN FORECLOSURE".

WITH FORCLOSURE HELP YOU WILL GET A FRESH START, A LOWER MONTHLY PAYMENT

- Low Scores - Below 500 - No Problem
- We can Negotiate Payoffs
- No Income Documentation Required
- CASH AT CLOSING

WE CAN HELP YOU, WHEN OTHER LENDERS HAVE TURNED YOU DOWN!

Example: 90% Foreclosure Bailout Program

<u>Appraised</u>	<u>Value</u>	<u>Max L.A.</u>	<u>Max LTV</u>
\$		\$	
100,000.00		60,000.00	60%
\$		\$	
125,000.00		81,250.00	65%
\$		\$	
150,000.00		102,500.00	68%
\$		\$	
175,000.00		123,750.00	71%
\$		\$	
200,000.00		145,000.00	73%
\$		\$	
225,000.00		166,250.00	74%
\$		\$	
250,000.00		187,500.00	75%
\$		\$	
275,000.00		208,750.00	76%
\$		\$	
300,000.00		230,000.00	77%
\$		\$	
325,000.00		251,250.00	77%
\$		\$	
350,000.00		272,500.00	78%
\$		\$	
375,000.00		293,750.00	78%
\$		\$	
400,000.00		315,000.00	79%
\$		\$	
425,000.00		336,250.00	79%
\$		\$	
450,000.00		357,500.00	79%
\$		\$	
475,000.00		378,750.00	80%
\$		\$	
500,000.00		400,000.00	80%
\$		\$	
525,000.00		421,250.00	80%
\$		\$	
550,000.00		442,500.00	80%
\$		\$	
575,000.00		463,750.00	81%
\$		\$	
600,000.00		485,000.00	81%

\$	\$	81%
625,000.00	506,250.00	
\$	\$	81%
650,000.00	527,500.00	
\$	\$	81%
675,000.00	548,750.00	
\$	\$	81%
700,000.00	570,000.00	
\$	\$	82%
725,000.00	591,250.00	
\$	\$	82%
750,000.00	612,500.00	
\$	\$	82%
775,000.00	633,750.00	
\$	\$	82%
800,000.00	655,000.00	
\$	\$	82%
825,000.00	676,250.00	
\$	\$	82%
850,000.00	697,500.00	
\$	\$	82%
875,000.00	718,750.00	
\$	\$	82%
900,000.00	740,000.00	
\$	\$	82%
925,000.00	761,250.00	
\$	\$	82%
950,000.00	782,500.00	
\$	\$	82%
975,000.00	803,750.00	
\$	\$	83%
1,000,000.00	825,000.00	
\$	\$	83%
1,025,000.00	846,250.00	
\$	\$	83%
1,050,000.00	867,500.00	
\$	\$	83%
1,075,000.00	888,750.00	
\$	\$	83%
1,100,000.00	910,000.00	
\$	\$	83%
1,125,000.00	931,250.00	
\$	\$	83%
1,150,000.00	952,500.00	
\$	\$	83%
1,175,000.00	973,750.00	

\$	\$	83%
1,200,000.00	995,000.00	
\$	\$	83%
1,225,000.00	1,016,250.00	
\$	\$	83%
1,250,000.00	1,037,500.00	
\$	\$	83%
1,275,000.00	1,058,750.00	
\$	\$	83%
1,300,000.00	1,080,000.00	
\$	\$	83%
1,325,000.00	1,101,250.00	
\$	\$	83%
1,350,000.00	1,122,500.00	
\$	\$	83%
1,375,000.00	1,143,750.00	
\$	\$	83%
1,400,000.00	1,165,000.00	
\$	\$	83%
1,425,000.00	1,186,250.00	
\$	\$	83%
1,450,000.00	1,207,500.00	
\$	\$	83%
1,475,000.00	1,228,750.00	
\$	\$	83%
1,500,000.00	1,250,000.00	
\$	\$	83%
1,525,000.00	1,271,250.00	
\$	\$	83%
1,550,000.00	1,292,500.00	
\$	\$	83%
1,575,000.00	1,313,750.00	
\$	\$	83%
1,600,000.00	1,335,000.00	
\$	\$	83%
1,625,000.00	1,356,250.00	
\$	\$	83%
1,650,000.00	1,377,500.00	
\$	\$	84%
1,675,000.00	1,398,750.00	
\$	\$	84%
1,700,000.00	1,420,000.00	

What we need from you.

In order for our team to save your home and any equity you have worked to build, we will need copies of the following items.

- COPY OF YOUR RECORDED DEED
- COPY OF ALL MORTGAGES AND NOTES
- COPY OF ALL PREVIOUS BANKRUPTCY DOCUMENTS (IF APPLICABLE)
- COPY OF YOUR TITLE INSURANCE POLICY
- THREE WRITTEN ESTIMATES OF ALL REPAIRS NEEDED
- COPY OF HOMEOWNERS POLICY
- ALL LEGAL CORRESPONDENCE OF THE FORECLOSURE FROM BANK/MORTGAGE COMPANY OR ATTORNEYS
- COPY OF COURT SUMMONS AND COMPLAINT
- MORTGAGE PAYMENT BOOKLET OR COPY OF PAYMENT STATEMENT
- COPY OF LAST TWO YEARS TAX RETURNS
- LETTER OF EXPLANATION FOR HARDSHIP
- LIST OF ALL MORTGAGES, LIENS, AND JUDGEMENTS
- REAL-ESTATE TAX BILL
- FIRST MONTHS RENT (REFUNDABLE)

Stop Foreclosure with our Foreclosure Help

KEEPING THE PROPERTY

VS.

SELLING THE PROPERTY

If your monthly house payment (including property taxes and insurance) does not exceed 40% of your gross monthly income, it should be possible for you to keep the property. If the payment is greater than 40% of gross monthly income, consider selling or transferring the property to avoid negative impacts to your credit. The objectives in order of importance should be:

1. Keeping the property if possible.
2. Don't give away equity if you can keep it or liquidate and put it in your pocket.
3. Minimize damage to your credit. You will need it later on.

Lender Workout Documents

A successful workout to keep the property is dependent on the lender being able to determine that the homeowner suffered a financial hardship and will have the financial capability to be able to keep the loan current. A successful workout involving a pre-foreclosure sale or Deed In Lieu of Foreclosure will be dependent on the lender being able to determine there was a financial hardship and that foreclosure is inevitable. Most lenders will require the following documents as the minimum for considering a loan workout, and many lenders will not consider a workout until the loan has been delinquent for at least 90 days.

Hardship Letter - This letter describes the hardship that caused the loan to go into default and describes your preferred solution to bring the loan current.

Paystubs - One or two current paystubs from each person occupying the property who is contributing to the payment of household expenses. The lender will use this to determine the feasibility of any repayment plan, or to determine foreclosure is inevitable.

Tax Returns - Self employed borrowers will need to provide the last two years tax returns along with a current profit and loss statement. Many self employed borrowers don't receive paystubs, the lender will use the tax returns to determine income.

Financial Statement - A statement outlining all of your income, assets and liabilities. This statement provides a "snapshot" of your financial situation allowing the lender to determine the economic hardship can be overcome.

One key thing to remember if you are attempting to complete a workout without outside assistance is to

submit ALL of your paperwork together as a package and be sure to keep copies of everything. Your lender needs all of the information to be able to make a determination of which type of workout may be appropriate.

REFINANCING AND NEW JUNIOR LOANS

Basic lending guidelines will require all home loans will total up to less than 70% of the current market value of the property. If you have more equity than that, you should have no difficulty in obtaining a new refinance or 2nd Trust Deed to bring your loan current. Expect higher interest rates and loan fees.

LOANS TO GET YOU CURRENT

If you experienced a temporary financial setback that has since been cured and are going to be able to keep the property, first consider family and friends for a loan to get current. It's much cheaper than hard money loans, but **MAKE SURE** you will be able to pay them back. You do not want to put them in the position of having to foreclose to get their money back. Hard money loans are typically private investors who will lend money based on equity in the property. Credit and income are not issues of importance and loan approval is usually a matter of days with funding following shortly. Loan amounts will usually be enough to bring existing loans current, pay the financing costs and put some money in your pocket. Loans will be amortized over 30 years to keep the payments lower and the balance will be due in 2 to 5 years.

BANKRUPTCY

This is a major step that will have lasting impact on credit reports. Seek appropriate legal advice. If the Notice of Default or Lis Pendens has just been filed on your home, you have sufficient time to explore the options for new loans or selling the property. If the foreclosure sale is going to be held very shortly, bankruptcy is a very common way to delay the sale. When you file bankruptcy, your financial matters fall under the jurisdiction of the courts which could limit your options. **SEEK LEGAL ADVICE.**

LENDER WORKOUT

Before exploring new options, have you tried to come to terms with your existing lender? Lenders want the loan to be current, not to have to complete a foreclosure. Can you make up the defaulted amount over a period of months? Can you re-write the note and include the defaulted amount? Can you give the lender a deed-in-lieu of foreclosure and preserve your credit? These are questions you should ask yourself and possibly your lender if you haven't done so already. They will want to know why the loan is in default and why you think you will be able to make the payments in the future. Temporary financial setbacks that have since been cured are the best candidates for this. Your lender will probably not be inclined to stop foreclosure proceedings if they have reason to believe they will have to start again in 6 months.

Loan Workouts for Defaulting Home Loans

When a lender is looking at a solution for a defaulted loan, there is a range of solutions ranging from a simple repayment plan all the way down to completing the foreclosure action. The options are listed below in the order most lenders will prefer to workout a defaulted loan with the repayment plan being the preferred, most used option.

Repayment Plan - A formal or informal plan to re-pay the lender all of the past due amounts and fees over a period of time. This type of workout will usually require a downpayment, then monthly payments along with your regular monthly payment.

Forbearance - The lender has the capability to reduce or suspend payments for a period of time allowing you to recover from a financial setback.

Loan Modification - Designed to resolve default for longer term financial problems, this could include reduction of the loan interest rate, or reducing payments.

Loan Assumption - If the loan cannot be brought current and kept current, the payments on some loans can be assumed by a new borrower.

Pre-Foreclosure Sale - Sale of the property before the foreclosure can be completed. If proceeds from the sale aren't enough to fully repay the loan, this is often referred to as a "Short Sale".

Deed In Lieu of Foreclosure - This is the least preferred of all the options, and often not acceptable to the lender due to title issues or the presence of other loans against the property.

Avoiding Foreclosure Scams

There will always be someone who wants to take your money.

In Foreclosure Scams

People in foreclosure are vulnerable. Think twice before embarking on a plan and think very long and hard before signing anything.

1. We'll save your credit. Pay us a fee and sign the house over to us. The foreclosure will be recorded against us, not you.

The foreclosure will be reported against the borrowers on the note, not anyone else.

2. We'll give you some money, just sign the house over, we'll cure the default.

I don't really have a problem with it, **IF** you know how much equity you are selling and **IF** the purchaser really will cure the default and **IF** the purchaser will really make the payments and **IF** you want to still be responsible for the loan. Too many **IFs** in my opinion whatever you do get it in writing!

3. We'll buy the property, lease it to you, you have the option to buy it back.

It might have happened, but the reality is, to buy it back you'll need a new loan that's larger than what you had with an interest rate greater than what you had. The payments will be higher and it's going to be very difficult to qualify. Explore a small hard money loan if you have the equity or consider an open market sale, you'll probably end up with more money in your pocket.

4. We'll get you a new loan and solve all these difficulties.

Every time you refinance, unless you are paying fees out of pocket, your loan balance is going up which is using up your equity. Lenders can make a lot of money churning loans, you need to consider total loan amounts also, not just the monthly payments. Try to solve the problem, not just extend the time frame.

5. I'm an agent specializing in pre-foreclosures and I'll get your property sold quickly for top dollar.

Some agents have a relationship with an investor and work from published Default notices. You'll get an offer, but is the the best? I know from personal experience that higher offers with no contingencies and capability for quick closing aren't always accepted by sellers. Why? Most likely, because they are never presented to the seller. Use local agents, get three Comparative Market Analysis and be cautious.

6. Stop Foreclosure with Bankruptcy

Bankruptcy does NOT STOP foreclosure. It puts a hold on foreclosure which can allow you time to reorganize your finances. Every area has reputable attorneys who handle bankruptcies. Spend the time to find one and spend the time to know what you have to do and when. Mistakes can cause things to get very bad very fast. Do you want it done right, or do you want it cheap?

Property Scams

The most common scam happens either during or after the foreclosure. Person breaks in to a vacant house, changes the locks and then rents the property out. When a property is advertised at below market rent, the phone number is voice mail and the "landlord" wants to meet at a restaurant or other public place, it's probably a scam.

Another variation on this same theme is a person giving an owner in foreclosure a cash amount for the equity in the home. The small cash payment gains control of the property which is then rented out with no payments made to the lender. The "landlord" pockets any rents received while delaying the foreclosure as long as possible

Foreclosure Bailout Loans and Lease/Buyback Arrangements

When a person becomes late on their monthly house payment, eventually the lender will begin foreclosure proceedings which in most cases will start with a notice of default or a lis pendens recorded with the county where the property is located. There are data companies that collect this information, and sell the information on a subscription basis. That is why, shortly after the notice is recorded, the homeowner is usually deluged with mail, phone calls and people knocking on the door offering various forms of assistance and/or foreclosure prevention. The Stop Foreclosure page on this site covers bankruptcy and investor offers along with some sources for homeowner assistance. This page will just cover Foreclosure Bailout Loans and Lease/Buyback Arrangements that require transfer of the property into someone else's name. Bailout loans are included because there have recently been more and more offerings called a "loan" that in reality is a property transfer.

This will describe a common method of Lease/Buyback, points where a consumer should pay close attention will be marked in red.

The process begins with contact between the person offering the L/B and the distressed homeowner. The solution presented to the distressed homeowner is to transfer the property out of their name, stay in the home and lease the property for a year or more, then repurchase the property after the homeowner's credit has improved. **The fee for accomplishing this is stated as free, or at a very nominal cost.** We'll discuss the actual costs further down this page.

The property transfer

The property transfer will normally be accomplished by use of a quitclaim deed, which transfers any interest the homeowner may have in the property into a land trust. If the deed is recorded at the county recorder's office, it is not readily obvious to anyone searching the records that ownership has changed, it only indicates the property went into a trust. It is important to note that transferring title does not remove the obligation of the loan. The homeowner still owes on the loan, but no longer owns the security for that loan. **If the homeowner, or the Lease/Buyback purchaser does not make up past due payments and continue making payments, the lender WILL foreclose.**

The Lease

Leases can be written with different terms, but a previous homeowner should note that if you are leasing, you DO NOT own the property. Any statements you make, or forms you sign indicating you are the homeowner will not be accurate or truthful. A common monthly rental amount under a lease/buyback arrangement will be 1% of the amount of the property transfer, for a lease period of 12 months.

Property transfer of \$100,000 will have 12 lease payments of \$1,000 or \$12,000

Property transfer of \$200,000 will have 12 lease payments of \$2,000 or \$24,000

Property transfer of \$300,000 will have 12 lease payments of \$3,000 or \$36,000

Lease payments for a personal residence are not tax-deductible and there is no paydown on loan principal, it is just money going to someone else for the use of the space. Remember a few paragraphs up where lease buyback programs are being promoted as being free? They're not. One of the terms that will be written into the lease will be a requirement that the lease payments be on time. **If you aren't able to make your lease payments, you'll lose your option to repurchase the property and get evicted as well.**

The Loan Discount

Lenders will sometimes allow a reduced payoff for a loan if it is obvious a foreclosure is inevitable and a third party purchaser is willing to buy the property at a price lower than the full payoff. What determines when a foreclosure is inevitable? Commonly, when loan payments aren't being made, and the borrower isn't communicating with the lender. What is a third party purchaser? Someone who is not connected/related to the borrower willing to purchase the property at a price they consider attractive. **Lenders generally will not consider a loan discount if title to the property has transferred.**

The Buyback

The buyback price after the lease period is over can be anything the parties agree on. One company promotes that they will re-sell the property to the previous owner for 95% of the current market value. Most "damaged credit" lenders will only lend to about 75% of the current market value. So, how's the previous owner going to qualify for financing since their credit is heavily damaged? They do owner financing. **They draft a new mortgage for 90% of the property's value, then they backdate it to the time the lease was originated.**

They then use the lease payments for verification that mortgage payments have been made on time. The backdated loan, along with its questionable verifications, is then sold on the secondary market. If the previous owner can't come up with the difference between the 95% repurchase price and the 90% loan, they can also get a short term loan from the company.

The Bottom Line

If an owner chooses to use a program like this, they can expect it's going to cost them at least 12% of the original transfer price in rent, their credit is going to be damaged to a greater extent than when they begin the process, and they'll be paying 95% of the property's current value on re-purchase. This is a last resort other than a HARD MONEY LOAN which normally has a cap on the LTV ranging between 55-75%.

- *Mortgage Brokers
- *Loan Officers and
- *Realtors are WELCOME.

[REGISTER TODAY TO BECOME AN AFFILIATE](#)

An important part of our business comes from referrals. Mortgage brokers and realtors represent a large portion of our referral base. Please contact Dex Johnson at (703) 946-8035 or [E-Mail info@djaapex.net](mailto:info@djaapex.net) and become a member of our network.

Contact:

Dex Johnson
JTI Financial
PO BOX 531
Haymarket , VA 20168
Telephone:(703) 946-8035
[E-Mail info@djaapex.net](mailto:info@djaapex.net)