



## Foreclosure alternatives – the basics

In spite of the current housing crisis across the country, home foreclosure is not a foregone conclusion should you develop financial problems. While foreclosure laws vary from state to state, this email can help you identify some possible alternatives in order to avoid a foreclosure on your home.

If you or a family member has received a Notice of Election and Demand for Sale, this signifies the beginning of the foreclosure process. You should consult with your lender, an attorney, financial adviser, accountant or other real estate expert to discuss your specific situation. The information contained here should be used only as a starting point for further discussion.



To identify your alternatives you must first determine your financial situation:

**Solvent** – Your monthly income exceeds your monthly expenses, and you have some savings or assets

**Income = Expenses** – Your monthly income equals your monthly expenses with little or no savings or assets

**Insolvent** – Your monthly expenses exceed your monthly income with no savings or assets

**Next you need to determine the equity position on your property:**

**Positive** – Your home is worth more than what you owe on your loan

**Value = Loans** – Your home value is equivalent to what you owe

**Negative** – Your home is worth less than what you owe

**Now review the chart below to see what options might be available to you.**

### Definitions of Terms

**Sale** – Sell property, pay lender(s), may require cash to close

**Refinance** – Replace loan in foreclosure with new financing, may require cash to close

**Loan Modification** – A voluntary adjustment of the terms of a loan by the lender to enable the homeowner to continue making payments, may include repayment plan for missed payments

**Short Sale** – Sale transaction in which lien holders agree to accept less than full amount owed to release their liens against the property

**Deed in Lieu** – Process whereby lender agrees to take back title to property by way of voluntary transfer of title/deed to avoid the foreclosure process

**Bankruptcy** – Seek discharge of potential deficiency and other unsecured debts through Chapter 7 or Chapter 13, depending on qualification

## Your Home Equity Position

Your Home Equity Position				
Your Financial Situation		<b>Positive Equity</b>	<b>Value = Loans</b>	<b>Negative Equity</b>
	Solvent	<ul style="list-style-type: none"> <li>• Refinance</li> <li>• Sale</li> </ul>	<ul style="list-style-type: none"> <li>• Refinance</li> <li>• Sale</li> <li>• Loan Modification</li> </ul>	<ul style="list-style-type: none"> <li>• Refinance</li> <li>• Sale</li> <li>• Loan Modification</li> </ul>
	Income = Expenses	<ul style="list-style-type: none"> <li>• Refinance</li> <li>• Sale</li> <li>• Loan Modification</li> </ul>	<ul style="list-style-type: none"> <li>• Refinance</li> <li>• Sale</li> <li>• Loan Modification</li> <li>• Short Sale</li> <li>• Bankruptcy</li> <li>• Deed in Lieu</li> </ul>	<ul style="list-style-type: none"> <li>• Loan Modification</li> <li>• Short Sale</li> <li>• Bankruptcy</li> <li>• Deed in Lieu</li> </ul>
Insolvent	<ul style="list-style-type: none"> <li>• Sale</li> <li>• Loan Modification</li> <li>• Bankruptcy</li> </ul>	<ul style="list-style-type: none"> <li>• Short Sale</li> <li>• Loan Modification</li> <li>• Bankruptcy</li> <li>• Deed in Lieu</li> </ul>	<ul style="list-style-type: none"> <li>• Short Sale</li> <li>• Bankruptcy</li> <li>• Deed in Lieu</li> </ul>	



If you are currently facing foreclosure or are concerned you might be, please contact your lender, an attorney, financial adviser, accountant or other real estate expert to discuss your specific situation.

**Contact us for information about title insurance and to learn more about our company.**



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