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Title:

Avoid Foreclosure -- Save Your Credit

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Summary:

Are you several months behind on your mortgage?

Is the phone ringing off of the hook?

Do you feel like just giving up?

This is the scenario that is sweeping across America!

The good news is that the banks are realizing this and are now giving homeowners options!

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Article Body:

Are you several months behind on your mortgage?

Is the phone ringing off of the hook?

Do you feel like just giving up?

This is the scenario that is sweeping across America!

The banks made it way too easy over the last few years to get more money out of our homes. Property values kept rising, the real estate market was booming and every homeowner was sitting on a gold mine. This was sure to lead to disaster and it has.

Now with the market declining and home values taking a dramatic plunge, most homeowners are sitting on over inflated mortgages and under valued homes.

The unfortunate part is that a lot of people can no longer afford their mortgage. They are facing the possibility of foreclosure and losing their homes is a very real threat.

The good news is that the banks are realizing this and are now giving homeowners options. Otherwise, the banks will be sitting on all of these homes after

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foreclosure and will be stuck paying the property taxes and insurances until they sell. Factor in the foreclosure costs, attorney costs, and marketing this is not in their best interest.

One option that is being offered is called a short sale.

This is where the bank allows you to sell your home at or below the current market value in order to get a quick sale, regardless of what you owe. Let's say that your mortgage is \$180,000, but similar homes in your area are selling for \$150,000. You can ask for \$150,000 and can even possibly take lower bids.

The bank in turn will take a loss on the home, since the sale will not cover the full mortgage, but they will not be stuck with the home. As far as the homeowner, they just walk away after the sale, free and clear.

It is suggested that you hire a real estate agent that is knowledgeable on short sales and preferably has had some experience and success with them. This is in your best interest, since they know the ins and outs and the paperwork involved. Not to mention, since you are already walking away with no money and this option will not cost you anything, it really is a no-brainer.

That's right, not only does the bank take a loss on the home, but they also negotiate and pay the realtor fees.

Now there are disadvantages, and it is not as wonderful as it sounds. Your credit will suffer, just not as much as a foreclosure. It is estimated that your credit can drop 80-100 points with a short sale. However, it will drop over 200 points with a foreclosure.

You will not be able to buy a new home for up to 2 years with a short sale. It would be 3 years with a foreclosure.

Obviously, with this in mind the best solution would be to catch up your mortgage and then to make on time payments. Since this option is not viable for many people, I would seriously look into a short sale before it is to late.

Just remember that the mortgage company is not the enemy and not to be afraid of them. They are willing to help; you may just have to talk to several people until you find someone to work with. Ask if they have a loss litigation department. These are the people that are ready to and able to help you.

Stay Positive, Stay Strong, and Good Luck!