



stewart briefs

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 flyer 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.

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

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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

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 find out why Stewart Title is the right title company for you.

