

## Sell Fast

If you are unable to work out any kind of arrangement with the bank, and foreclosure is inevitable, it's time for a fast sale. Because foreclosure can occur quickly, your sale needs to be swift. Contact a realtor® who specializes in home sales in your area. Be prepared to price competitively for the sake of expediency and follow the guidance of your agent in preparing the home for market. While it may be difficult to part with your home, a sale is always preferable to foreclosure. With a sale you can walk away with your dignity and credit intact. You may even come away with some money to give you a clean start.

## Bankruptcy

When all other solutions have been exhausted and the foreclosure process has begun, a bankruptcy may be the best way to hang on to your home. Filing bankruptcy will immediately halt foreclosure proceedings, and will facilitate a renegotiation of the mortgage with your lender. There are many factors involved in this solution, and bankruptcy laws vary by province. Talk with a reputable attorney before going down this rocky path.

**Sasha Miletic, Broker**

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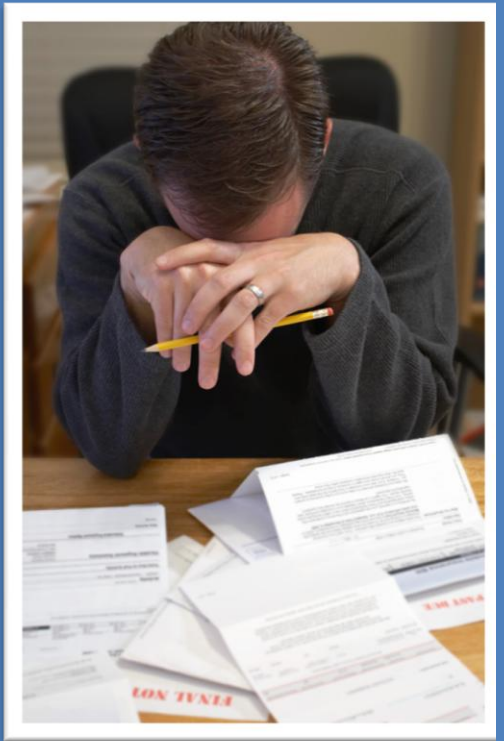
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# FORECLOSURE



## How to Limit the Impact of Foreclosure

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**F**oreclosure is not just devastating to your finances and your credit. The process can levy untold emotional and social strain on all involved. Because of the personal issues involved, it can be tempting to bury your head in the sand. But by meeting the threat of foreclosure head on, you can limit its impact, and salvage your finances and your sanity.

## What is foreclosure?

When a home is purchased with borrowed money, the buyer enters into a legal agreement with the lender, in which the borrower (buyer) commits to repay the money, plus interest, within a certain timeframe. This agreement is called a mortgage. When the borrower breaks the terms of the mortgage, or stops making the monthly payments, the lender can reclaim the property and sell it to recoup the cost of the loan. This process of reclamation is known as foreclosure.

There are two methods a bank can use to recoup a mortgage in Canada. **A Judicial Sale** is granted and overseen by the courts. This method typically takes six months and is costlier, making it rare. **A Power of Sale** is the most common method of mortgage recovery and is executed without court involvement. The Power of Sale is normally allowed for in the terms of the mortgage agreement, and by simply issuing a notice after payment default, and lender can begin the process. A Power of Sale can be over in as little as 45 days after this notice is issued.



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*There are several ways to stop or slow down foreclosure.*

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## Act Fast

It can all happen very fast, which is why, if you find yourself faced with the possibility of foreclosure, sticking your head in the sand is a sure way to lose. Act fast and face the music.

## Get Organized

Organize your finances and create an emergency budget that eliminates all unnecessary spending. Sometimes simply laying it all out to fully understand your situation can go a long way in managing the problem.

## Renegotiate Debt

Your mortgage payment should be the last debt that you default on. Contact lenders on other

consumer debts and try to negotiate modified terms or repayment schedules. Lenders will often defer payments during times of financial hardship.

## Refinance

If you experience a financial crisis and foresee falling behind on your mortgage, contact your lender before defaulting to refinance your mortgage. By refinancing to a lower interest rate and or extended term, you could significantly decrease your monthly payment to a more manageable figure.

## Second Mortgage

If your financial crisis is short term, and you just need to catch up on your payments, consider borrowing some of the equity on your home to pay all back-payments, additional interest and fees.

## Negotiate Temporary Payment Arrangements

If it is too late for a refinance and a second mortgage is not possible, contact your bank about repayment assistance. Banks typically want to avoid the foreclosure process as much as you and will often negotiate a temporary repayment arrangement that allows you to pay a lower payment while tacking the remainder onto the end of the loan.

