



## How to avoid Foreclosure

**Make a budget.** Sketch out a spending plan for the next several months, including expected income and expenses. See what costs you can trim to free up as much money as possible for home payments. You may need to pay the minimums, or even less, on other debts. In certain very limited circumstances -- such as when you are absolutely sure your financial hardship will be short-lived -- it may make sense to skip payments on some bills so you can pay your mortgage.

**Consider getting help.** Legitimate credit counseling services, those associated with the National Foundation for Credit Counseling or the Association of Independent Consumer Credit Counseling Agencies, typically have housing counselors that can help you evaluate your options. Or you can find a housing counseling agency approved by the Housing and Urban Development Department by calling (800) 569-4287. If you have a Veterans Administration loan, you can call (800) 827-1000 to get a referral to a financial counselor.

**Check your refinance options.** If you have equity in your home, your credit rating is relatively intact and your lender hasn't yet filed a notice of default, you may be able to get another loan with more affordable payments. An experienced mortgage broker, preferably one affiliated with the National Association of Mortgage Brokers, can let you know your options. Be cautious about jumping into another risky loan, though: adjustable, interest-only or "option" mortgages might just put off the day of reckoning and you could find yourself facing even higher payments down the road.

**Be realistic.** Many times, people struggle to hang on to a house that they simply can't afford when they'd be far better off without it. It's far better to sell a home while you still have equity and some semblance of a credit score than to have it taken away in foreclosure.

**Get organized.** If you are going to try for a loan modification, you'll need to prepare a small mound of documentation. The lender will specify what it wants, but typically you'll need to supply the details of your financial situation, a budget, documentation of your hardship, and the improved prospects that will allow you to get your financial life back on track.

You may also want (or be required) to provide a market analysis of your house to document how much equity you have in your home. A real estate agent can typically prepare this for free in exchange for the chance of winning your business should you decide to sell.

If a loan modification or refinance isn't possible or feasible, your options come down to these:

**Sell the house.** If you have enough equity in your home to allow you to pay off your mortgage in full, after deducting any real estate agent commissions, then a quick sale is usually your best option. You'll preserve what's left of your credit score and your equity, leaving you in a much better position should you want to buy another home in the future.

**Offer a deed in lieu of foreclosure.** If you can't sell the house for what you owe, but you're not deeply "upside down" on your mortgage, this may be an option: you propose handing over the deed to your home and your lender agrees to release you from your mortgage. This usually keeps you from having to pay any deficit that might be owed on the property, while the lender avoids further legal costs related to a foreclosure.

**Negotiate a short sale.** If you owe substantially more on your home than it's worth, you may be able to get the lender to accept less than it is owed by negotiating a "short sale." You essentially sell the house for whatever you can get, and the lender agrees to accept the proceeds and not go after you for the deficit.

*Brian Ortiz*  
*Real Estate Broker*

**"B SQUARE REAL ESTATE IS STRIVING TO BUILD A GREAT REPUTATION, NOT FOCUSING ON A HUGE PROFIT."**

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**THOUGHT OF THE MONTH**

**Where there is no vision, the people perish.**

Proverbs 29:18

**Are you thinking about buying a home or investing? Or do you know someone who is? We provide a FREE, Comparative Market Analysis to help determine the value of a home, all you have to do is call.**

**REAL ESTATE QUESTION**

**Q:** What is home staging?

**A:** Staging a home requires setting up your home with furniture and home accents. Staging your home for sale can drastically change the appeal of a home when done correctly. Buyers are more able to see the potential in a home when you give them some ideas. A staged home will usually sell more quickly than an empty, unstaged home.

**Do you have a question about Real Estate?**

If you have a question please feel free to call us at (866) 821-0852

A short sale can further damage your credit scores, often showing up as a "settlement" that indicates you paid less than you owed. You may also face an IRS bill on the unpaid debt, which is generally considered income to you. A skilled negotiator may be able to avoid these consequences or at least minimize them, so you may want to consider getting an experienced attorney's help.

Be very careful about who you trust to help you and who you negotiate deals with. There are numerous types of fraud related to these types of circumstances.

**Allow the foreclosure to proceed.** This is generally the worst choice. In some states and in some circumstances, the lender can even go after you in court for any deficit between what the house eventually sells for and what you owe. An attorney or housing counselor can let you know if that's a possibility.

Even if the worst happens, though, the damage to your financial life needn't be permanent. If your situation improves, you may be able to get another mortgage, at a reasonable interest rate, within a few years.

Pulliam, Weston Liz. "Facing foreclosure? 9 options". MSN Money

<http://articles.moneycentral.msn.com/Banking/HomeFinancing/FacingForeclosure9Options>.

**STOP AND THINK**

**HEAVEN AND HELL**

A holy man was having a conversation with the Lord one day and said, "Lord, I would like to know what Heaven and Hell are like."

The Lord led the holy man to two doors. He opened one of the doors and the holy man looked in.

In the middle of the room was a large round table. In the middle of the table was a large pot of stew, which smelled delicious and made the holy man's mouth water.

But the people sitting around the table were thin and sickly. They appeared to be famished. They were holding spoons with very long handles that were strapped to their arms and each found it possible to reach into the pot of stew and take a spoonful, but because the handle was longer than their arms, they could not get the spoons back into their mouths. The holy man shuddered at the sight of their misery and suffering. The Lord said, 'You have seen Hell.'

They then went to the next room and opened the door. It was exactly the same as the first one. There was the large round table with the large pot of stew that made the holy man's mouth water. The people were equipped with the same long-handled spoons, but here the people were well nourished and plump, laughing and talking.

The holy man said, "I don't understand."

"It is simple," said the Lord, "In this place the people have learned to feed one another."

**We sincerely value our clients and we would like to let you know that we greatly appreciate your business.**

### **Did you know?**

If the population of China walked past you in single file, the line would never end because of the rate of reproduction.

### **REAL ESTATE STATS FOR THE ALBUQUERQUE METRO AREA**

For the Month of: May

Homes sold: 1,050

Homes listed: 2,563

Average price of home sold:

\$238,660

Average days on the Market:

37

*Compared to previous month:*

For the Month of: April

Homes sold: 912

Homes listed: 2,451

Average price of home sold:

\$235,133

Average days on the Market:

39

## **REAL ESTATE TIP**

### **Construction to Perm Loans**

A construction perm loan is a loan performed at the end of the construction phase that refinances the 'construction' loan to a common mortgage. Typically a construction loan is 'interest only' for the build period and most construction lenders require that their construction loan be paid off at home completion. The major drawback to this scenario is that the homeowner has to incur an additional set of closing costs when they are required to refinance the construction loan. The good side is that you have the option and time to find a better final mortgage.

As an alternative, there is what is known as a 'one-time-close' construction loan.

This type of loan finances the construction period and has a loan program (30 year fixed, 3/1 ARM, etc.) already in place for when the loan 'converts'.

The pro is that you only have to pay closing costs once. The con for these types is that you must lock in the final rate prior to closing. Many lenders offer a 'floatdown' (when rates drop during the construction period, they will reduce your rate), but that often has a fee associated with it.

*Mortgage News Daily. 4/10/2007. mortgagenewsdaily.com*

## **COMEDY CORNER**

### **AMAZINGLY STUPID LAWS IN CALIFORNIA**

**Chico-** Detonating a nuclear device within the city limits results in a \$500 fine.

**Lodi-** It is illegal to own or sell "Silly String".

**Long Beach-** It is illegal to curse on a mini-golf course.

**Los Angeles-** Zoot suits are prohibited. It is illegal to cry on the witness stand.

**San Diego-** The owners of houses with Christmas lights on them past February second may be fined up to \$250.

**San Francisco-** Persons classified as "ugly" may not walk down any street.

Prohibits elephants from strolling down Market Street unless they are on a leash.

It is illegal to wipe one's car with used underwear.

**Temecula-** Ducks have the right of way to cross Rancho California St. at all times.

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TO OUR VALUED CLIENT

**B<sup>2</sup> NEWSLETTER**

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KNOW, IS  
THINKING ABOUT  
BUYING, SELLING,  
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information at  
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**THANK YOU! THANK YOU! THANK YOU!**

Thanks for all the great referrals you have given us this past month. We feel it is our obligation to provide customers with the BEST Real Estate service from the BEST Real Estate Company in the nation. We would like to personally thank those of you who have supported B Square Real Estate. It is wonderful people like you who we build our business upon. We just couldn't do it without you.