

The Bank Doesn't Want to Foreclose on Your Freaking House!

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As you fight to keep your home after defaulting on your mortgage payments, **it can feel like the bank is completely unwilling to work with you, that they actually want to foreclose on you and take your home.** And, since you're just one person fighting a huge bank that has billions of dollars and the best lawyers money can buy, you might as well just roll over and accept the inevitable, right?

Wrong.

Foreclosure is not the bank's first choice, they don't want your home, and there are actually reasons that they want to help you keep it.

While you took out a loan so you could buy a house for yourself and your family, your lender gave you a mortgage loan to make money for themselves and their shareholders. When you stop paying your mortgage, things aren't working out as planned for either of you. **Your home loan has become a nonperforming asset** that the bank needs to start making money from again, and foreclosure is not the first choice when trying to achieve that goal.

The reason is that **foreclosure can cost the bank more effort and money than alternatives to it.** A loan in default not only isn't paying any income to the bank, it also requires them to spend money. Going to court, setting up an auction, and complying with all the laws in your state pertaining to foreclosure costs time and money.

Banks can break even or lose money when they sell a home at auction. But sometimes a home won't even sell at the auction and the bank ends up owning the property, which is a nightmare scenario. **Banks are in the making money through lending business, not the property**

management business. When they own the property, they have to keep it in acceptable condition, have the yard mowed, and try to sell it, which all costs money. If possible, they'd rather find an alternative to that nightmare, such as:

Reinstatement

Following a default, the simplest way to get back to normal for you and the bank would be for you to [reinstate your loan](#) by **paying all the money you owe from missed payments plus fees, and get back to making regular payments.** Of course, few homeowners who have experienced a financial hardship serious enough to cause them to stop paying their mortgage are in a position to reinstate, but it does happen.

Short Sale, Deed In Lieu, or Cash For Keys

If you can't, or don't want, to keep your home, you can ask your lender for a short sale or deed in lieu of foreclosure agreement. A [short sale](#) is when the home is sold for less than the outstanding balance on the loan. A [deed in lieu of foreclosure](#) is when you give ownership of the home to the bank in exchange for being let out of the loan. [Cash for keys agreements](#) are often combined with a deed in lieu except that the bank will give you some money to leave the home on a certain date and in agreed upon condition. **These can be better options than losing your home at auction and being evicted.** Keep in mind that you can be sued for the difference between what your home sells for and what you owed on it unless you get a [deficiency judgment waiver](#).

Loan Modification

Modifying your mortgage loan means making a permanent change to one or more terms of your loan, such as the interest rate and term length. The loan can be stretched out over as many as 40 years with an interest rate as low as 2% to bring the monthly payment to an affordable portion of your income. **There is no cost to apply, no closing cost, and no credit check associated with a loan modification.** They have become more popular since the housing crisis pushed seven million homeowners into foreclosure. They are the only hope many people have for keeping their home.

Unfortunately, the majority of homeowners who apply for a [loan modification](#) on their own are [denied](#). Banks often tell people they make too little money to afford their home, or too much to deserve to be helped. Applications, called request for modification assistance, require about as much paperwork as a regular mortgage application. It's helpful to have someone who knows what the bank wants to see guide you through the process and give you better odds of getting approved.

Before agreeing to a short sale or deed in lieu of foreclosure agreement, you should thoroughly investigate the possibility of getting a loan modification.

Your lender needs some kind of resolution to your defaulting loan. But that doesn't mean that they want to take your home from you. **They don't want your freaking house!** They want money. They'd prefer a solution that gets you back on track and making payments again. If you

want to keep your home, you have to convince them that you are willing and able to do so. Don't ignore the calls and letters from the bank. Hear them out, educate yourself, and work with an experienced professional who can help you get what you want.