

# Contents at a Glance

---

<i>Foreword</i> .....	<i>xxiii</i>
<i>Introduction</i> .....	<i>1</i>
<b><i>Part I: Warming Up for Your Foreclosure Fight</i></b> .....	<b><i>7</i></b>
Chapter 1: Digging Into and Out of the Foreclosure Hole .....	9
Chapter 2: Wrapping Your Brain Around the Foreclosure Process .....	33
Chapter 3: Regaining Your Emotional Composure.....	51
Chapter 4: Touching Base with Key People Who Can Assist You .....	67
Chapter 5: Deciphering Your Mortgage and Other Documents .....	83
<b><i>Part II: Confronting Foreclosure Head On</i></b> .....	<b><i>103</i></b>
Chapter 6: Getting a Handle on Your Current Situation .....	105
Chapter 7: Sizing Up Your Options and Exit Strategies .....	119
Chapter 8: Stopping the Financial Bleeding.....	137
Chapter 9: Steering Clear of Quick-Fix Schemes and Scams.....	151
<b><i>Part III: Digging Your Way out of the Foreclosure Pit ...</i></b>	<b><i>173</i></b>
Chapter 10: Beating the Foreclosure Rap with Bankruptcy.....	175
Chapter 11: Hagglng with Your Lender in Pre-Foreclosure .....	193
Chapter 12: Borrowing Your Way out of Foreclosure .....	215
Chapter 13: Cutting Your Losses: Unloading Your House .....	233
Chapter 14: Fiddling While Rome Burns: The Do-Nothing Approach.....	253
Chapter 15: Regaining Your Financial Footing after Foreclosure .....	265
<b><i>Part IV: The Part of Tens</i></b> .....	<b><i>283</i></b>
Chapter 16: Ten Delay Tactics .....	285
Chapter 17: Ten Scams and the Scumbags Who Perpetrate Them.....	293
Chapter 18: Ten Ways to Rebuild Your Life after Foreclosure.....	301
<b><i>Glossary</i></b> .....	<b><i>307</i></b>
<b><i>Index</i></b> .....	<b><i>317</i></b>



# Table of Contents

*Foreword*.....*xxiii*

*Introduction*..... **1**

About This Book.....1  
Conventions Used in This Book .....2  
What You're Not to Read.....3  
Foolish Assumptions .....3  
How This Book Is Organized.....4  
    Part I: Warming Up for Your Foreclosure Fight.....4  
    Part II: Confronting Foreclosure Head On .....4  
    Part III: Digging Your Way out of the Foreclosure Pit.....4  
    Part IV: The Part of Tens.....5  
    Glossary.....5  
Icons Used in This Book.....5  
Where to Go from Here.....6

*Part I: Warming Up for Your Foreclosure Fight* ..... **7**

**Chapter 1: Digging Into and Out of the Foreclosure Hole** ..... **9**

Stumbling into the Foreclosure Hole .....9  
    Irresponsible lending practices .....10  
    Divorce.....10  
    Overspending.....11  
    Job loss .....11  
    Illness .....12  
    Death .....12  
    Gambling.....13  
    Alcohol and substance abuse .....13  
Digging Deeper Through Denial and Avoidance .....13  
    Failing to act quickly .....15  
    Paying unsecured debts first .....15  
    Seeking a quick fix .....17  
Boning Up on the Foreclosure Process .....17  
    Receiving missed-payment notices .....17  
    Receiving a notice of default .....18  
    Getting the dreaded foreclosure notice.....18  
    Finding a glimmer of hope in the redemption period.....20  
Spotting the Early Warning Signs of Financial Trouble .....21  
Brushing Up on Your Rights as a Homeowner .....22

Drafting Your Plan of Attack .....	23
Contacting helpful folks .....	23
Gathering important documents .....	24
Getting your financial house in order .....	26
Playing the bankruptcy card .....	26
Reinstating your mortgage: Getting a second chance .....	27
Haggling your way to a forbearance .....	27
Negotiating a mortgage modification .....	28
Refinancing: Borrowing your way out of foreclosure .....	28
Living off your home with a reverse mortgage .....	28
Cashing out your chips: Selling the house .....	29
Unloading your money pit .....	30
Getting Your Life Back After Foreclosure .....	31
Starting from scratch .....	31
Getting a clean bill of (credit) health .....	31

## **Chapter 2: Wrapping Your Brain Around the Foreclosure Process . . . 33**

Identifying the Mechanics of Foreclosure in Your Area .....	33
Non-judicial foreclosure (foreclosure by advertisement) .....	34
Foreclosure by judicial sale .....	37
Forfeiture actions on contracts for deed .....	40
Stepping Through the Foreclosure Process .....	43
Receiving nasty letters in pre-foreclosure .....	43
Receiving a foreclosure notice — Ouch! .....	43
Aborting or delaying foreclosure .....	44
Having your home sold out from under you .....	47
Seeking redemption: Buying back your home .....	48
Adjusting Your Strategy for Current Market Conditions .....	49
Surviving in a booming market .....	49
Gaining the upper hand in a slumping market .....	49

## **Chapter 3: Regaining Your Emotional Composure . . . . . 51**

Understanding How Negative Emotions Can Sink Your Ship .....	51
Yelling your way to the poorhouse .....	52
Becoming paralyzed with fear .....	53
Failing to act out of hopelessness .....	54
Shaming yourself out of asking for help .....	55
Shaking Any Counterproductive Emotions .....	57
Facing your fears .....	57
Getting over guilt .....	58
Side-stepping shame .....	59
Letting go of your anger .....	59
Maintaining your composure .....	60
Accepting that you may lose this house .....	60

Taking Control of a Bad Situation.....61  
 Lawyering up with a foreclosure attorney .....61  
 Sticking up for yourself.....62  
 Weighing your options rationally .....65  
 Teaming up with your partner.....65  
 Reducing collateral damage to you and your loved ones .....66

**Chapter 4: Touching Base with Key People Who Can Assist You . . . 67**

Laying Your Cards on the (Kitchen) Table.....67  
 Breaking the news to your spouse or partner .....68  
 Shielding the children . . . or not .....70  
 Bringing your extended family into the loop.....70  
 Seeking Relief If You're in the Military.....71  
 Contacting Your Bank Instead of Screening Calls .....72  
 Dealing with your loan servicer .....73  
 Contacting your bank .....73  
 Coming clean with your bank's attorney.....74  
 Working Out a Deal with Another Lender .....74  
 Asking a mortgage broker or loan officer for assistance .....75  
 Borrowing from traditional lenders .....75  
 Exploring nontraditional loan options .....76  
 Taking the Legal Route .....76  
 Brushing up on your legal options.....77  
 Do you need an attorney? .....78  
 Striking a Deal with a Real Estate Agent to List Your Home for Sale.....81  
 Leaning on Your Government .....81  
 Starting at the county level .....82  
 Moving up to the state level.....82  
 Going straight to the top: Federal assistance .....82

**Chapter 5: Deciphering Your Mortgage and Other Documents . . . . 83**

Decrypting Your Mortgage.....84  
 Understanding power of sale.....84  
 Deconstructing the acceleration clause.....86  
 Checking out the due-on-sale and due-on-encumbrance clauses . . . just in case .....88  
 Investigating your right to reinstate .....91  
 Deconstructing Your Deed of Trust .....91  
 Knowing Your Rights Under the Truth in Lending Act.....92  
 Delving into Deeds .....92  
 Checking out the general-warranty deed .....93  
 Scoping out the limited- or special-warranty deed.....93  
 Getting up to speed on quit-claim deeds .....94  
 Discovering redemption in a sheriff's deed .....94  
 Taking Notes on Your Note (or Promise to Pay) .....97

Picking Apart Other Contracts .....	99
Skimming your land contract (or contract for deed) .....	99
Studying your lease-option agreement (for rent-to-owners only) .....	101

## ***Part II: Confronting Foreclosure Head On* ..... 103**

### **Chapter 6: Getting a Handle on Your Current Situation ..... 105**

Calculating Your Net Worthiness .....	105
Adding up what you own.....	106
Adding up what you owe.....	107
Calculating what's left: How bad is it? .....	107
Taking the Pulse of Your Current Cash Flow .....	108
Checking Out Your Credit Report .....	109
Obtaining a free copy of your credit report.....	109
Picking out key details.....	110
Patching bruised credit .....	111
Digging Up Other Stashes of Cash .....	112
Hitting up your relatives for gifts or loans .....	113
Asking your friends to pitch in .....	113
Keeping a Bad Situation from Getting Worse.....	114
Freezing your finances.....	114
Catching up on property tax payments.....	115
Maintaining your homeowner's insurance.....	116

### **Chapter 7: Sizing Up Your Options and Exit Strategies ..... 119**

Filing for Bankruptcy .....	120
Holding Onto Your Home: Is It Possible? .....	120
Working out a deal with your lenders.....	121
Borrowing from Peter to pay Paul: Refinancing .....	124
Selling your home and buying it back: The ol' give and go .....	125
Selling your home and renting it back.....	126
Getting Out from Under It: Selling Your Home .....	126
Planting a For Sale sign on your lawn.....	127
Selling quick to an investor .....	128
Selling your lender short with a short sale.....	129
Getting taxed on your loss .....	131
Rope-a-Doping with Delay Tactics .....	132
Living in the home for free during redemption .....	132
Abandoning Ship Altogether.....	134
Giving a deed in lieu of foreclosure.....	134
Gifting the house (and your problems) to an investor.....	134
Taking a hike . . . and leaving the house keys behind.....	135
Doing Nothing: The Lazy Man's Guide to Foreclosure Self-Defense .....	136

**Chapter 8: Stopping the Financial Bleeding . . . . .137**

Slashing Expenses with a Tight Budget.....	138
Covering the cost of bare essentials.....	138
Vetoing discretionary spending.....	139
Boosting Your Total Household Income.....	143
Moonlighting .....	143
Putting other family members to work.....	144
Consulting with a Credit Counselor.....	145
Consolidating Your Debts into One Low Monthly Payment .....	147
Understanding the benefits of debt consolidation .....	148
Choosing the debt consolidation option that's right for you .....	148
Comparing the costs of loans .....	150

**Chapter 9: Steering Clear of Quick-Fix Schemes and Scams . . . . .151**

Understanding Why Your Vulnerability Makes You Easy Prey.....	152
Avoiding the Empty Promises of Quit Claim Deeds.....	153
Using sleight of hand with the bait and switch .....	154
Stealing equity with the alternative financing scam.....	155
Spotting the Signs of an Overbid Scam .....	158
Recognizing Property Tax Scams.....	159
Following the tax lien/tax deed shuffle.....	161
Unveiling the property tax scam .....	161
Avoiding Predatory Lenders at All Costs .....	162
Spotting predatory lenders .....	164
Knowing your borrower's bill of rights.....	164
Protecting Yourself: Do's and Don'ts .....	166
Do take your time.....	167
Do document everything.....	167
Do read paperwork thoroughly .....	167
Don't sign anything you don't understand .....	168
Don't sign over power of attorney without a full understanding .....	168

***Part III: Digging Your Way out of the Foreclosure Pit... 173*****Chapter 10: Beating the Foreclosure Rap with Bankruptcy . . . . .175**

Grasping the Purpose of Bankruptcy .....	176
Gaining temporary relief from an automatic stay .....	177
Being prepared to have the stay lifted .....	177
Flipping to the Chapter That Works Best for You.....	179
Liquidating with Chapter 7 bankruptcy .....	179
Reorganizing your debt under Chapter 13 bankruptcy.....	181
Combining your options under Chapter 20 .....	182

Playing the Bankruptcy Card.....	184
Gathering financial records.....	184
Meeting with your attorney .....	185
Filing a certificate of credit briefing.....	185
Passing the means test .....	186
Filing your bankruptcy petition.....	186
Fulfilling the post-petition, pre-discharge debtor education requirement .....	187
Shielding Your Equity Under Chapter 7 .....	187
Calculating your equity in the house.....	188
Scaling back your equity on paper.....	188

### **Chapter 11: Hagging with Your Lender in Pre-Foreclosure . . . . . 193**

Contacting Your Lender ASAP .....	194
Practicing the Three C's of Working with a Loss Mitigator .....	195
Communication .....	196
Composure .....	197
Credibility.....	198
Reinstating Your Mortgage, Like Nothing Ever Happened .....	199
Digging up the cash required to reinstate.....	200
Convincing your bank to reinstate your mortgage .....	204
Knowing when not to reinstate.....	205
Working Out a New Payment Plan with a Forbearance Agreement.....	206
Knowing what to expect .....	206
Convincing your bank to agree to forbearance .....	206
Scrutinizing the forbearance agreement .....	207
Convincing Your Lender to Accept Less Than	
What You Owe with a Short Sale .....	208
Talking to the right people .....	209
Knowing what to say .....	210
Knowing how to say it .....	211
Trading Your Deed for a Clean Bill of Health .....	213

### **Chapter 12: Borrowing Your Way out of Foreclosure . . . . . 215**

Exploring Your Options .....	216
Calculating How Much Moolah You Need .....	217
Calculating the Cost of Refinancing.....	218
Tabulating loan fees . . . including those notorious hidden fees .....	219
Calculating interest over the life of the loan.....	220
Calculating the total cost of the loan.....	221
Boosting the Equity in Your Home.....	221
Pruning and primping for curb appeal .....	222
De-cluttering the premises .....	223
Scrubbing your house from top to bottom .....	223
Performing a few affordable renovations .....	224
Bargain-Hunting for Low-Cost Loans .....	224
Asking your current lender for a deal.....	225
Paying points . . . or not.....	225

Choosing between fixed-rate and adjustable-rate mortgages .....226  
 Avoiding loans with prepayment penalties.....229  
 Gauging your chances of qualifying for a loan .....229  
 Paying Down Your Debts .....231

**Chapter 13: Cutting Your Losses: Unloading Your House . . . . . 233**

Knowing When Unloading the House Makes Sense .....234  
     You have lots of equity in the house.....234  
     You have little, no, or negative equity in the house .....235  
 Hiring a Top-Notch Real Estate Agent .....236  
     Finding an agent with the right stuff.....236  
     Motivating your agent to work hard for you.....240  
 Teaming Up with Your Agent for Optimum Results .....241  
     Prepping and primping your house for sale .....241  
     Staging your house to get top dollar .....242  
     Setting an attractive asking price.....243  
     Weighing offers as they roll in .....245  
 Striking a Deal with an Investor .....245  
     Finding an investor to purchase your home.....246  
     Agreeing on a fair price.....246  
 Ditching Your House .....246  
     Step 1: Slash expenses .....247  
     Step 2: Cancel unnecessary services .....247  
     Step 3: Stop making mortgage payments .....248  
     Step 4: List the house for sale.....248  
     Step 5: Move your savings.....248  
     Step 6: Get a job.....248  
     Step 7: Start packing .....249  
     Step 8: Have a garage sale .....249  
     Step 9: Find suitable accommodations .....250  
     Step 10: Stop paying the utilities . . . maybe .....250  
     Step 11: Get some more time and maybe some money.....251  
     Step 12: Move out .....251

**Chapter 14: Fiddling While Rome Burns:  
 The Do-Nothing Approach . . . . . 253**

Grasping the Consequences of Inaction.....253  
     Becoming a puppet on someone else’s strings .....254  
     Losing your home for sure .....256  
     Giving away your hard-earned equity.....256  
     Facing the ugliness of a forced eviction .....256  
     Dragging your credit and your name through the mud .....259  
 Reaping the Minor Benefits of Inaction.....260  
     Avoiding direct confrontation.....260  
     Saving money for as long as it takes .....261

Doing Nothing the Right Way.....	261
Stop paying your bills .....	262
Start saving every penny you can .....	263
Head out before the bailiff arrives .....	264

## **Chapter 15: Regaining Your Financial Footing after Foreclosure . . .265**

Dealing with the Fallout.....	265
Keeping in touch with loved ones .....	266
Scaling back your lifestyle.....	267
Expecting to pay higher interest rates and fees .....	268
Avoiding Past Mistakes and Misfortunes .....	268
Teaming Up with a Credit Counselor .....	269
Finding a credit counselor with the right stuff .....	270
Negotiating repayment plans with creditors .....	272
Settling debts you can't possibly pay .....	274
Establishing and sticking to a budget.....	275
Reestablishing Your Credit .....	277
Borrowing your way to a better credit rating.....	278
Taking out a credit card or two .....	279
Socking away some money .....	279
Buying a more affordable pad.....	279
Keeping Tabs on Your Credit Report .....	280
Obtaining a credit report.....	281
Checking for discrepancies .....	281
Checking your credit score .....	282

## ***Part IV: The Part of Tens* .....283**

### **Chapter 16: Ten Delay Tactics . . . . .285**

Calling Your Lender .....	285
Negotiating a Forbearance.....	286
Negotiating a Mortgage Modification .....	286
Filing a Demand to Delay the Sheriff's Sale.....	287
Relying on Court Delays .....	287
Challenging the Process in Court.....	288
Filing for an Adjournment .....	288
Filing for Bankruptcy .....	290
Maximizing the Redemption Period .....	290
Negotiating Additional Time to Move.....	291

### **Chapter 17: Ten Scams and the Scumbags Who Perpetrate Them . . . . .293**

Hijacking Your Home with a Quit-Claim Deed .....	293
Pulling Out the Rug with a Buy-Rent-Redeem Scam .....	294
Stealing Your Home with a Tax Deed .....	295

Cheating You Out of Your Redemption Period .....296  
 Stripping Your Equity with a Foreclosure Rescue Scam .....296  
 Setting You Up for Failure with a Lease-Option Agreement.....298  
 Setting You Up for Failure with a Contract for Deed .....298  
 Stripping Your Equity with a Predatory Loan .....299  
 Selling Your Home at Way Below Market Value.....300  
 Cheating You Out of Your Overbid Money.....300

**Chapter 18: Ten Ways to Rebuild Your Life after Foreclosure . . . . .301**

Rebooting Your Life .....301  
 Swearing Off the Same Mistakes .....302  
 Leaning On Family and Friends .....303  
 Heading West . . . or East or North or South.....303  
 Slashing Expenses and Your Cost of Living .....304  
 Downsizing to More Affordable Accommodations .....304  
 Making a Lateral Move .....305  
 Pepping Up Your Pocketbook: Earning More .....305  
 Healing Your Bruised Credit .....306  
 Getting Back into the Game of Life .....306

***Glossary* .....307**

***Index*.....317**

