



10 Secrets Your Lender Won't Tell You About Foreclosure, Short Sales, and Loan Modifications

Don't be intimidated by misinformation and lies. Take control of your situation with knowledge the banks don't want you to have.

We've all seen the news reports: big banks ripping off Americans pushed to the point of financial ruin, intimidating consumers with disinformation, misinformation, and lies. Hiding behind legions of call center operators reading scripts they know little to nothing about, the real decision makers don't want you to know what they know.

This report outlines the shocking truth behind the secrets that banks don't want Arizona homeowners to know. Knowledge of these "dirty little secrets" can help you make an informed choice about short selling and foreclosure.

Secret #1 Even though your lender has approved a modification and started your trial payments, they may still foreclose before the end of your trial period—**even if you never missed a trial payment.**

Secret #2 Since foreclosure doesn't stop just because you're trying to modify your loan, your lender can tell you they're "working on your modification" while simultaneously starting or continuing foreclosure proceedings.

Secret #3 You may not have to have missed a payment in order to qualify for a short sale or loan modification.

Secret #4 In certain cases you may short sell your property and qualify for a new loan immediately.

Secret #5 Missed payments are almost as damaging to your credit score as a foreclosure or short sale.

Secret #6 If your home is sold through a short sale or foreclosure auction, your lender may demand the difference between the sale price and your loan amount. Your lender won't tell you that **Arizona has anti-deficiency laws that protect you from these demands**. This can include deficiencies against second mortgages. Residential properties in Arizona (defined as a single family or two family duplex situated on 2.5 acres or less) purchased with a bank loan are secured with a Deed of Trust. According to Arizona Revised Statutes (ARS-729) a foreclosure is the only action that can be taken, and NO other action can EVER be taken to collect a deficiency.

Secret #7 HOA dues, however, are **not** covered under anti-deficiency laws. Your lender won't tell you that unpaid HOA dues are not covered by foreclosure auctions, and the HOA **can** take legal action to collect those dues.

Secret #8 Your lender is required to issue a 1099A (acknowledgement of abandonment) and 1099C (cancellation of the debt). However, there is no deadline by which these documents must be issued and a copy of the 1099C must be sent directly to the IRS. If you do not provide a forwarding address, your lender may not send you a copy of the 1099C, which could result in your being unaware of potential tax consequences associated with a foreclosure or short sale.

Secret #9 In regard to tax consequences, however, you may be covered under the Mortgage Relief Act of 2007, which provides for forgiveness of tax liabilities in some foreclosures and short sales. Additionally, if your second mortgage was used for home improvement you may not be liable for some or all of the tax on the forgiven debt.

Secret #10 If your property was a rental prior to foreclosure or short sale, it may qualify as an investment property, which could have significant tax benefits.

BONUS Secret #11 If your lender carries mortgage insurance on your property (and most do), their losses on a foreclosure are covered—and the sale price of your home at auction goes right to the lender’s bottom line.

These “dirty little secrets” are just the beginning. In many cases, your lender won’t play fair—take that as a given. They have the resources to run you from person to person and department to department, playing on your emotions while all the while salivating at the prospect of big profits. You need a well-informed team of professionals on your side to give you the best possible chance at a successful outcome.

To find out if a short sale is your best option call today for a FREE confidential consultation.

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