



The Fran-Ira Report



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End-of-the Year Market Finishes on a Positive Note!



Home sales in Chicago are up for the fifth month in a row. The Tribune reported on December 22, 2009 that even though many Chicago-area homebuyers weren't willing to bet that a federal tax credit was going to be extended, more than 6,826 existing homes were purchased last month, making November the fifth consecutive month of improved year-over-year home sales. It is questionable, they continue, whether December will be a sixth consecutive month of improvement however as typically home sales slack off during the holidays and many buyers don't come back to the market until after the Super Bowl in early February.

The only county to record an improved financial picture for the housing market was Lake County, where the median home price of \$198,000 was a 7% improvement from a year ago. Sales in Lake County rose 60.7% last month.

"You're not seeing the freefall anymore, which in itself is a recovery" said Genie Birch, president of the Chicago Association of Realtors.

Nationally, existing home sales rose 44.1% last month from a year ago. It was the best month since February 2007. Another report from the Realtors Confidence Index (RCI) shows that 4 out of 10 recent buyers used FHA, or Federal Housing Administration-insured loans. The RCI also stated that distressed sales increased to 33% of all home sales last month, with both investors and first-time buyers competing for those properties. The huge number of distressed properties has also influenced buyers' perceptions of other homes for sale in that many buyers treat every property as if it were in foreclosure.



Revised & Extended 2009 Tax Credits!

Amount of Credit for 1st Time Buyers	\$8,000 * married couple / \$4,000 for individuals
Definition of "1st Time Buyers"	May not have had an interest in a principal residence for 3 years prior to purchase
Amount of Credit for Current Homeowners	\$6,500 * married couple / \$3,250 - for individuals
Effective Starting Date for Current Homeowner Credit	As of November 7, 2009
Definition of Eligibility for Current Homeowners Credit	Must have used the home sold or being sold as a principal residence consecutively for 5 of the previous 8 years
Binding Contract Rule	As long as a written binding contract to purchase is in effect on April 30, 2010, the purchaser will have until July 1, 2010 to close
Income Limits (Note: Increased income limits are effective as of November 7, 2009)	\$125,000 * single / \$225,000 * married (Additional \$20,000 phase out)
Limitation on Cost of Purchased Home	\$800,000 * Effective November 7, 2009
Purchase by a Dependent	Ineligible effective November 7, 2009
Anti-fraud Rule	Contract must be attached to tax return

Why is 2010 a Good Time to Sell?

With extremely low mortgage rates and the extended and expanded tax credit more buyers will be entering the real estate market. No one knows how long the low mortgage rates will last And, it has been said that this will be the last tax credit that the government will offer. So, sellers should act now and take advantage of this new energy in the buyer pool. Call us to discuss our top-notch strategies to sell your home in today's market!

Fighting Foreclosures 8 Options To Consider

Option #1: Renegotiate with the Lender

Step one is to contact your lender as soon as you know you can't make a payment. The faster you move the more options you'll have. Try to negotiate a loan modification plan that will enable the loan to be back in service. Lenders don't want the property back; they want to keep their loan portfolio full of performing loans — not defaulting loans.

Option #2: Reinstatement

The reinstatement option gives you the opportunity to make up back payments plus any charges incurred by the bank such as filing fees, trustee fees & legal expenses. Paying off the reinstatement amount will cancel the foreclosure & enable you to continue to live in the home as if no default occurred. For many delinquent borrowers, however, reinstatement is not an option because they are too deep in debt & cannot make up back payments & expenses.

Option #3: Forbearance

One of the most overlooked foreclosure options a borrower has is forbearance, which is the postponement for a limited time of a portion or all of the payments on a loan in jeopardy. A lender expects that during the moratorium period the borrower can solve the problems by securing a new job, selling the property or finding another acceptable solution. You may be able to restructure your loan so that delinquent mortgage payments may be added to the backend of your scheduled payments or you could be given more time to bring the late payment current. You may qualify for this option if you recently lost your job. Call your lender and inquire if you meet the requirements.

Option #4: Redemption

To redeem a loan, you must pay off the loan in full. Borrowers may accomplish this by refinancing (with a family member cosigning perhaps) or by a friend or relative bailing you out in exchange for equity or other financial arrangement. Redemption rights, like reinstatement rights, vary from state to state.

Option #5: Sell the Property to Obtain Equity or Do a Short Sale

For owners who don't care to save the property, or who have no other choice than to let the property go, selling the property may be a smart choice. If you have enough equity in the house to allow you to pay off the mortgage in full, then a sale is usually your best option. This option preserves your equity & what's left of your credit score. If you don't have equity, you may be able to arrange a short sale, where the bank agrees to forgive the mortgage debt for less than the total amount owed on the mortgage if you sell the property to a third party. The advantage to the lender is that it does not deal with costly foreclosure proceedings.

Option #6: Deed in Lieu of Foreclosure

For homeowners who have no opportunity to reinstate, redeem or even sell and just want out of the property, a deed-in-lieu of foreclosure may be a viable option. Essentially, it is a transfer of title from a borrower to the lender, which the lender accepts as full satisfaction of the mortgage debt. With this option, you voluntarily "give back" your property to the mortgage company. You won't save the house, but you do avoid the trauma of foreclosure & reduce the negative impact on your credit. "Cash for Keys" is an example of this.

Option #7: Bankruptcy

Filing bankruptcy is not a permanent cure for foreclosure, but it can temporarily halt the foreclosure process. Once a borrower in default files a petition for bankruptcy, foreclosure proceedings stop immediately. You must, however hire an attorney in order to file bankruptcy, which can be expensive.

Option #8: Foreclosure

Allowing the foreclosure to proceed to the auction is generally the worst choice. By doing nothing, homeowners will lose their home & any equity they have earned plus damage their credit at the same time. Moreover, some states allow lenders to go after borrowers in court for any deficit between what the house eventually sells for & what you owe. This is called a deficiency judgment. Unfortunately, many homeowners chose this option, putting their heads in the sand with the hope that the bank won't actually proceed.

Real Estate Definitions

Deed in lieu of foreclosure

A means of escaping an overly burdensome mortgage. If a homeowner can't make the mortgage payments and can't find a buyer for the house, many lenders will accept ownership of the property in place of the money owed on the mortgage. Even if the lender won't agree to accept the property, the homeowner can prepare a quitclaim deed that unilaterally transfers the homeowner's property rights to the lender.

Bankruptcy

A federal legal process for debtors seeking to eliminate or repay their debts. There are two types of bankruptcies for consumers: Chapter 7, which allows debtors to wipe out many debts in exchange for giving up nonexempt property to be sold to repay creditors, and Chapter 13, which allows debtors to keep all of their property and repay all or a portion of their debts over three to five years.

*From Nolo's Law Dictionary

All of the above should be discussed with an attorney before proceeding.

Our Featured Property



Sherwood Forest in Highland Park

4 Bedrooms, 2.5 Baths \$449,900



Newly listed in Sherwood Forest, this 3,000+ sq. ft. contemporary home has a dramatic foyer with double staircase, huge rooms perfect for entertaining and a fabulous, private wooded yard!

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