

IDEAS to Avoid Foreclosure

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REAL ESTATE SERVICES

This guide is meant to provide a general overview of the options you may have when facing Foreclosure. The process of Foreclosure varies from state to state. This guide is not intended as legal advice and we recommend always consulting with an attorney before making any legally binding decisions.





Option #1:

REINSTATEMENT/REFINANCE

REFINANCE

When facing Foreclosure, the most logical thought is a refinance. However, this generally is not an option available to homeowners facing Foreclosure. Here's why... Homeowners who are facing Foreclosure have bad credit due to late and missed mortgage payments. Lenders will investigate your financial situation and more than likely you would be denied for this very reason.

REINSTATEMENT

When facing Foreclosure, a reinstatement occurs when the homeowner brings the delinquent loan current in one payment. Reinstating the loan will stop the Foreclosure because the homeowner is allowed to catch up on payments when in a default situation. Typically, the reinstatement would include fees, etc. However, many homeowners facing Foreclosure do not have the money to reinstate the loan. So, generally, this is not an option.



Option #2:

LOAN MODIFICATION

If you want to keep your home and are facing Foreclosure, you might qualify for a Loan Modification. However, eligibility requirements are different for each lender. For example, some lenders require a minimum of one missed mortgage payment or imminent risk of missing a payment in order to qualify. Additionally, your lender will want to assess what caused your financial hardship and whether or not a Loan Modification is a viable path to affordability. In simple words, if you lose your job and no longer have any income, a Loan Modification might not be enough for you to get back on track. However, if you start earning less (many different reasons for this), you might still be able to make regular payments, if you are able to reduce the monthly cost.



Tip #1

IF YOU ARE SUFFERING FINANCIALLY, OUR BEST ADVICE IS TO CONTACT YOUR LENDER IMMEDIATELY TO GO OVER OPTIONS. LOAN MODIFICATION WILL ALLOW YOU TO STAY IN THE HOME BUT IF YOU CURRENTLY ARE NOT WORKING, THIS WILL NOT BE AN OPTION FOR YOU. YOU MUST BE EARNING AN INCOME TO SHOW YOUR LENDER YOU CAN AFFORD A MONTHLY MORTGAGE PAYMENT.

When submitting a Loan Modification, your lender will ask for proof of Hardship along with several other documents. Here are several reasons why homeowners might no longer be able to afford their current monthly mortgage payments and may qualify for a Loan Modification, which includes:

- Loss of Income
- Divorce
- Increase in Housing Costs
- Natural Disaster
- Health Pandemic
- Illness or Disability

Tip #2

BEWARE OF FORECLOSURE SCAMS – YOU SHOULD NOT HAVE TO PAY SOMEONE TO HELP YOU WITH A LOAN MODIFICATION. FIND A COMPANY THAT WILL ALLOW YOU TO PAY ONCE THE LOAN MODIFICATION IS COMPLETE OR BETTER YET, YOU CAN WORK DIRECTLY WITH YOUR MORTGAGE COMPANY.

If you do qualify for a Loan Modification, there are several ways your lender can modify your loan, which includes:

- Interest Rate (Often to a Higher Rate Due to Current Market Rates)
- Lengthen the Term
- Switch from an ARM to a Fixed Rate Mortgage
- Roll Late Fees into the Principal
- Reduce the Principal Balance
- Some or All of the Above



Option #3: BANKRUPTCY

Bankruptcy helps people who can no longer pay their debts get a “fresh start” by liquidating assets to pay their debts or by creating a repayment plan. Below explains in brief the difference with a Chapter 7 Bankruptcy and a Chapter 13 Bankruptcy.

CHAPTER 7

This chapter of Bankruptcy provides for “liquidation.” In basic terms, you are “wiping away” all your debt. There are specific qualifications for a Chapter 7 Bankruptcy. If you qualify, this may be an option if you do not want to keep your home.

CHAPTER 13

This chapter of Bankruptcy provides for adjustment of debts of an individual with regular income. Chapter 13 allows a debtor to keep property and pay debts over time. Typically, this is 3 to 5-years. If you qualify, this may be an option if you want to keep your home.

****Important: Be Sure to Read the “Secret Tip” Section of this Booklet.**

We highly recommend you speak to a Bankruptcy Attorney. Please reach out to our team as we have relationships with Bankruptcy Attorneys who would be happy to access your situation with a free consultation.



Option #4:

DEED IN LIEU

Deed in Lieu of Foreclosure can be an option to avoid the Foreclosure process. It is a legal agreement between a homeowner and the mortgage lender. As the homeowner, you would agree to give your home's legal title to the lender in exchange for being released from your mortgage debt. This does mean you will lose your home. However, you would be freed from your mortgage debt.

Many homeowners who want to keep the home, try a Loan Modification option first. If this is unsuccessful, experts argue proceeding with a Short Sale is a better option vs a Deed in Lieu of Foreclosure. Mainly because a Deed in Lieu of Foreclosure can report to your credit the same as a Foreclosure.

Deed in Lieu of Foreclosure many times is not an option. Here's why... If you have a 2nd Mortgage or any other Liens on the Title of your home, a Deed in Lieu will not work. This is because the second lien positions would have to agree to the Deed in Lieu and release. This will not happen. However, in a Short Sale situation, your 1st Mortgage will give a certain amount to the 2nd Mortgage to allow for a release of lien and forgiveness of debt.

When you complete a Deed in Lieu of Foreclosure, many times you will have to move out of the home a lot faster vs a Short Sale. IF you decide to proceed with a Deed in Lieu of Foreclosure and your mortgage lender agrees, be sure to get all the details in writing and review before signing any documentation.



Option #5:

EQUITY OR SHORT SALE

If you do not want to keep your home and are ready for a “fresh start,” you should sell your home to avoid the Foreclosure. The first thing to do is determine if you have equity in your home or not. We highly recommend that you hire a Short Sale Specialist to help you navigate through selling your home to avoid Foreclosure. Whether or not your home is a Short Sale, this type of professional understands your situation. Please connect with my team as we have relationships with Short Sale Specialists and Bankruptcy Attorneys nationwide who are trained to help you!

EQUITY

If your Short Sale Specialist determines that you have equity in your home, you could sell as a “Traditional Sale.” However, many factors still make this type of transaction complicated. For example, if you are in a Chapter 13 Bankruptcy. Or the closing costs. Your Short Sale Specialist should have you sign an Authorization to Release Information to deal directly with your lender to obtain a Pay-Off Statement. This will ensure that there is enough equity. Ideally, you can sell and pull as much equity out of your home as possible. This will help you with your “fresh start.”

SHORT SALE

If your Short Sale Specialist determines that you have no equity in your home, you would sell your home as a “Short Sale.” Short Sale means that you owe more on your home versus what is owed. Short Sale does not mean “short” time frame. It can take weeks or even months to complete a Short Sale for various reasons. It depends on your lender, the end Investor, how many mortgages you may have, etc. Your Short Sale Specialist will be able to give you a general time frame. However, you should stay in the home during the entire Short Sale process. This allows you to save money and come up with a plan for your move. It is important to know you must be out prior to closing for a Short Sale. But did you know my team can also help you find a rental when the times comes? Yes!!! Short Sales can be complicated. There are a lot of moving parts. Another reason we always stress to have a “Game Plan” in place. My team is always here to help you navigate through your options to create a “Game Plan.”

Secret Tip

Did you know that a Bankruptcy will “temporarily” stop your Auction Date on your home? YES, this is true! However, we use the word “temporarily” because the Bankruptcy Court will ask for a “Relief of Stay.” This means that your home will come out of Bankruptcy so that your lender can continue with Foreclosure proceedings. Don’t worry, you are still protected by the Bankruptcy. However, because of this “Relief of Stay,” it is crucial you have a “Game Plan” in place prior to filing a Bankruptcy. Also important, make sure you have the right professional team surrounding you. A team that cares about you and your family versus just taking on another transaction and getting paid. Please reach out to us. We can help assess your situation, come up with a “Game Plan,” and connect you with a Bankruptcy Attorney, if needed.

CHAPTER 7

If you file for Chapter 7 Bankruptcy and own your own home, we highly suggest working with our team. Why? Because timing is everything and we will do our best to give you as much time in the home as possible. However, a Chapter 7 and a Short Sale situation can be complicated and tricky. We must list your home at a certain time, depending on the Bankruptcy. Ideally, we receive a Short Sale Offer prior to the “Relief of Stay” so that we can work with your lender on the Short Sale and get any upcoming Auction Date postponed. We stress often having a “Game Plan” in place. We’re happy to help you navigate through these ideas so you’re able to make the best-informed decision.

CHAPTER 13

If you file a Chapter 13 and realize down the road that the Chapter 13 monthly payments are too much, it is important to contact us prior to the Chapter 13 Bankruptcy dismissal. Why? Because once your case is dismissed, your lender can immediately continue with Foreclosure proceedings. If you had an Auction Date on your home prior to filing a Chapter 13 Bankruptcy, your lender will be able to set another date immediately. This is why we stress so often to have a “Game Plan” in place. Please do not hesitate to reach out to us.



Biography

Lola Animashaun

I help homeowners navigate tough situations with clarity and dignity—especially short sales and pre-foreclosure options. My role is to **educate, advocate, and create a plan** that protects your next move, whether that means selling, relocating, or rebuilding. Serving Tennessee & Kentucky. ❤️



Lola Animashaun is a Tennessee and Kentucky real estate professional who believes that clarity changes everything—especially when homeowners are under pressure.

As a retired U.S. military veteran, she brings a steady, mission-driven approach to real estate: assess the situation, build a plan, and guide clients through the next best step with confidence.

She is a mother to one daughter and a devoted pet parent, and she approaches her work with the same care, patience, and responsibility she values at home. Lola earned her Bachelor's degree in Business and Project Management from the University of Management and Technology, strengthening her ability to simplify complicated processes and keep clients focused on what matters most.

Lola is known for educating her clients and making the real estate process easier to understand, whether they're preparing for a move, starting their homeownership journey, or working through a major life transition. Clients appreciate her transparency, responsiveness, and step-by-step guidance.

Her special focus is helping homeowners who need a path forward during financial hardship. Lola provides **short sale and pre-foreclosure guidance** to help homeowners understand their options and make informed decisions before the situation escalates.

Ideas to Avoid Foreclosure

This Book Has Helped Hundreds of Homeowners Nationwide Navigate the Foreclosure Process and Make the Best Decision Moving Forward.

There is No Doubt Facing Foreclosure is a Frightening Experience. You May Be Feeling Overwhelmed, Frustrated, Confused. This Book Should Help You Better Understand Ideas to Avoid Foreclosure.

Details of Each Idea Included as Well as a Secret Tip.



Ideas You Will Find Inside:

- Reinstatement/Refinance
- Loan Modification
- Bankruptcy
- Deed in Lieu
- Equity Sale or Short Sale



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