



LAW ADVOCATE GROUP, LLP

9701 Wilshire Blvd. Suite 1000 Beverly Hills, CA 90212

Phone: 310-651-3065 Fax: 310-601-7110

www.LawAdvocateGroup.com

Doron F. Eghbali Real Estate Law

[Some HARD TO IMPOSSIBLE Help for Underwater Homeowners](#)

Monday, March 28, 2011 by [Doron F. Eghbali](#)

Despite auspicious prognostications as to the state of real estate market long after the "Great Recession" in 2008, today still the real estate market seems to be reeling from similar turmoil. In fact, despite some specious improvement in the status of real estate market for some time, again, data portend weakening or worsening real estate climate. Hence, the government with banks are speciously to the rescue. Let us explore some of the programs offered by the government and banks for struggling homeowners with properties worth less than what the homeowners owe on the property. Nonetheless, such rescue may be hard to impossible for many.

SOME BACKGROUND ON STILL DECLINING REAL ESTATE MARKET

For relatively a short period of time last year, it seemed real estate prices were increasing as the number of underwater homeowners were declining. Nonetheless, according to fourth quarter data from CoreLogic, nearly 23% of homeowners with a mortgage are currently underwater. In addition, another 2.4 million homeowners are literally on the brink of joining the nearly 23% with only 5% equity in their homes since it is very likely home prices in the coming year will decrease by another 10% or so.

SOME BANK PROGRAMS TO HELP SELECTED HOMEOWNERS

This looming real estate catastrophe, as illustrated, has propelled banks to prudently conclude reducing or deferring payments through loan modifications or similar programs are worth losing a lot more down the road. Nonetheless, such programs are rather stringent and require homeowners to pass some rigid guidelines devised to spuriously foreclose fraud. Let us explore some of such programs and their stringent requirements.



1. 2% CUT IN INTEREST PAYMENTS OR LOAN EXTENSION TO 40 YEARS: One of the bank programs for homeowners would cut interest rates by 2% or extend loan period to 40 years, thus reducing monthly payments. To be eligible, homeowners MUST prove with legitimate documentation a good reason for having trouble making payments. Such good reason could be job loss, pay cut, large medical expenses or other legitimate unanticipated losses. For the 2% cut, the bank MUST participate in the government's Home Affordable Modification Program (HAMP).

2. PRINCIPAL DEFERMENT OR PARTIAL FORGIVENESS OF PRINCIPAL: For homeowners delinquent on their payments and whose home values have greatly suffered, some help might be available in forms of principal deferment where large portion of their loan is set aside to be paid out later or partial forgiveness of their principal amount. To be eligible, the following requirements MUST be met:

- **Income Limitations Related to Mortgage Payments:** Homeowners to be considered for such bank program must have their monthly mortgage payment exceeding 31% of their pre-tax household income. AND,
- **Principal Reduction Limitation:** Homeowners to be considered for such bank program must have their principal balance on a single family home not exceeding \$729,250.

NOTE: Principal loan forgiveness, as a whole, is often not a substantial amount relative to amount owed.

SOME OTHER HELP FOR STRUGGLING HOMEOWNERS

The following provides a TRUNCATED list of some other options available to homeowners. Please, note this list is PARTIAL and LIMITED in detail and scope.

- **Short Sale:** [Despite tax ramifications of short sale](#), banks are now relatively more amenable to such proposition where property is sold less than what is owed.
- **Refinance:** Through government's programs, refinancing could further help out struggling homeowners in SOME situations.

[DORON EGHBALI](#) is a Partner at the Beverly Hills Offices of [Law Advocate Group, LLP](#). [Doron](#) Primarily Practices [Business](#), [Real Estate](#) and [Entertainment Law](#). [Doron](#) Can Be Reached at: 310-651-3065. For More Information, Please, visit: [HERE](#).