



SECURED DEBT REFERRALS: Attorney - Paul Stansen

STEP 1: NATURE OF PROBLEM

DEFINE NATURE OF REAL ESTATE CONCERNS

Loans / Lenders

TD1 _____

\$ _____ / PM \$ _____

Default Y / N – Months Behind _____

TD2 _____

\$ _____ / PM \$ _____

Default Y / N – Months Behind _____

Are loan docs available for review?
YES (___) NO (___)

HARDSHIP EXPLAINED

- ___ Combination of problems
- ___ Insufficient income/assets to cure
- ___ Declined value of property
- ___ In constructions business
- ___ Real estate REALTOR MORTGAGE
- ___ Emergency / ___ Medical
- ___ Disso of Marriage
- ___ Rate increase unaffordable
- ___ Unemployed / ___ Single Earner

INCOME - H\$ _____ W\$ _____

NOD – N / Y : ___ / ___ / 200___

STEP 2: CONTACT DATA

Referrer

Name: _____

Phone: _____

Email: _____

Prospect

Name: _____

Address: _____

City: _____

Zip: _____

County: _____

Phone: _____

Email: _____

CLIENT TO PROVIDE KEY DOCS

- Mortgage Statement/s
- Originating Loan Docs / Discs / Applc
- Third Party Authorization Form
- Hardship letters
- Broker listing and BPO / Comps
- Updated / Current Financials
- Most recent 2 months pay stubs
- Most recent 2 months bank statements
- Most recent 2 years tax returns
- Signed Arms Length Offer
- HUD-1 reflecting proposed payoffs

PHASED HELP + COSTS

Baseline Review – Defines Issues

1. Data gathered to conduct review
 2. Engagement Memo Signed
 3. Docs reviewed – Findings Letter
 4. Discussion of goals / strategies
- COSTS for Professional Assistance**
\$\$\$ – 1-Page Engagement Memo
Defines scope of work - Client gets comprehensive analysis with advice and strategies to improve situation.

Strategies Implement

5. MODIFICATION / SHORT SALE
- COSTS for Professional Assistance**
Per Attorney-Client Fee Agreement
Workouts / Mods: \$250-375 PH
Short Sale: Contingent or \$250 PH
Estimated fees = 1% of Sales Price

ATTORNEY / BROKER

Paul E Stansen, a Prof Law Corp

- ✓ 23+ years real estate expertise
- ✓ Focused on assisting homeowners approaching or in preforeclosure – analyze situation, define rights & obligations, make findings + recommends strategies & implements solutions to improve situation

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STRATEGIC ALLIANCE: STEP BY STEP

Timeline

2-3 Months

Mortgage Default

90 Days

NOD Recorded – Grace Period to structure workout

FILE Petition for Bankruptcy or TRO

21-25 Days

Notice of Trustee Sale

No cure last 5 days

111 Days

Public Sale

REO

Evicted

Analyzing a Homeowner's Mortgage Default – Structuring the Client Letter



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FACTORS AFFECTING OUTCOME

- Loan Application Representations
- Hardship: Demonstrating Credibility
- Solvency – Financial Status
- Primary Residence vs. Investment

STEP 1: Disclosures

- Scope of Assignment
- Complicated matter
- Assistance available beyond Letter

STEP 2: Docs Requested

- Originating Loan Docs
- Trust Deeds + Promissory Notes
- All Disclosures + Loan Applications
- Mortgage Statements + Demand Payoffs
- Summary of Client Objectives
- Valuation Data – MLS / Comps / CMA
- Financial Statement / Tax Returns

STEP 3: Loan Summary

- Date Originated + Originated by who?
- Principal borrowed / outstanding
- Amortization period
- Collections / Loan serviced by ???
- Mortgage Amount \$ ____ + INT RATE
- FIXED / VAR / NEG AM + Other terms
- Prepayment Penalty – Duration?
- Loan Application Representations

**STEP 4: Legal Analysis
CAN CLIENT BE SUED ?**

PMTD – Purchase Money – CCP 580(b)
 Arose when property was purchased –
 Deficiency Judgment BARRED ...

REFINANCE – Recourse Liability
 Arose after property was purchased –
 Deficiency Judgment ALLOWED ...
 except - Single Lienholder -1/2 loan/s

EFFECT OF NOD RECORDATION
Pro – non-adversarial + time-savings +
 relatively inexpensive
Con – deficiency judgment forfeited +
 Election of Remedy (except FRAUD)

NOTE Section 8 - TD1 – importance
 placed on borrower's loan application

STEP 5: Options Explored

- Loan Refinance – challenges
- Loan Modification – lender limitations
- Repayment Plans – affordability
- Forbearance – delays problem
- Preforeclosure Sale – Short Pay
- Deed in Lieu – Voluntary Foreclosure
- Foreclosure
- Bankruptcy
- NUMERIC ANALYSIS:** Escrow Shortfall
 + COD Income + Capital Gain/Loss

**STEP 6: Tax Analysis
COD INCOME / CAP G/L ?**

Is client legally SOLVENT – refer to BK

COD – Cancellation of Debt Income
 MFDRA –
 > PRINCIPAL RESIDENCE
 > 010107-123109 Window
 > Up to \$2 MIL

CAPITAL GAINS – Exempt ?
 Exempt if purchase after May 1997 +
 occupied 2/5 years as primary residence
 + exempt \$250k S/TP - \$500k J/TP

CAPITAL LOSS – Deductible ?
 Perhaps if investment property but then
 MFDRA may not apply on COD income

STEP 7: Recommendations

- Provide detailed financial data for review
- Refine Hardship Letter
- Enter into Attorney Client Fee Agreement
- Discussion about mortgage payments
- Talk with CPA
- Determine solvency – BK attorney
- Set events / decisions to calendar
- Stay in game to influence outcome

STEP 8: Practical Opinions

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