

Dennis J. Rath helps homeowner save \$80,000 with short sale

A layoff and a drop in the market left an Ohio man facing credit-crippling foreclosure. Rath stepped in to complete a sale that with a new buyer that left the original homeowner, new buyer and the bank happy.

LAKEWOOD, OH — Call it throwing salt on a wound. Walt T. lost his job and that left him facing a potential foreclosure — a scenario that could have left him with a huge debt, no home and credit-crippling debt.

But none of that happened because Walt called ERA Realtor Dennis J. Rath, who was able to complete a short sale and get Walt out from under a huge financial burden. Walt now rents a space in Florida, a new couple lives in his old house and the bank was able to recoup most of its loan and saved potentially thousands of dollars by avoiding a costly foreclosure and auction process. But it wasn't an easy process, and not something Walt could have done by himself.

After Walt lost his job, he was able to find another position in Florida. He left his Lakewood, Ohio home in the hands a couple that agreed to pay him rent. While that money helped cover a portion of his mortgage payment, the financial burden was overwhelming.

“I was making a house payment and a rent payment down here and it was just crushing me,” explains Walt T. The couple living in Walt's home wanted to purchase it from him, but the market downturn made it difficult for the pair to get their financing squared away.

“I approached the bank about a short sale,” Walt recalls. “Since I had a buyer in hand, they started working with us. We had to get someone involved.”

That person turned out to be Dennis Rath.

“Through no fault of his own, Walt found himself in a difficult situation,” Rath says. “He was laid off from his job, and was making two payments for awhile, but it simply became too much.”

A short sale occurs when a home is sold for amount less than amount owed. A short sale may sound like a last resort, but it is actually a win-win-win situation. The homeowner comes away owing much less or nothing at all. The new buyers get a great deal on a home and the bank saves money by avoiding a costly and possibly extended foreclosure process.

The Options

Walt purchased his home in 1998 and started working on the property to make it the home he'd always dreamed of. That process involved a large refinancing, which took place in 2000. In 2005, after 13 years of work, Walt found himself unemployed and faced losing the house he loved.

That refinancing left Walt deep in debt. He was able to find another job out of state, but rent and maintaining a mortgage payment proved too much of a burden. The couple he was renting to hoped to buy the home, but had their own financial problems and getting their own financing was taking too long for Walt — and the bank. He was facing foreclosure, the stigma attached to it. A foreclosure would mean the bank had a long and potentially costly process to recoup even a portion of its investment.

“The bank was getting a house payment from me until November 2009,” Walt says. “Until then, they were getting just about everything. Even though the lion's share was being paid by me, and I wasn't even living there.”

Two payments caught up with Walt and that's when he needed to find another option — the short sale.

The property, when Walt left for a new job in 2005, was valued between \$147,000 and \$165,000. When Walt the financial challenges finally overwhelmed Walt the home was valued at \$100,000. Walt still owed \$132,000.

If it wasn't for a short sale Walt might be in a far different financial situation.

The Resolution

A short sale would help ease, and possibly eliminate, Walt's debt. The bank would avoid a costly foreclosure process and the couple purchasing the home would get a good deal on the house they wanted.

Walt was a couple thousand miles away. He needed an expert to handle the intricacies of the process. That's when Walt contacted Dennis J. Rath to get the process started. It took awhile, but the couple renting Walt's home was eventually able to get their financing in order.

"I'm sure there would have been a foreclosure involved," Walt says. "I had stopped making payments of November of 2009. The original intent was they were going to close in April."

But being so far away made it difficult for Walt to manage the process.

"Dennis handled everything," Walt says. "I had a lot of correspondence with the folks at Huntington Bank proving I couldn't financially afford to keep up house payments and live in Florida. Foreclosure would have come next if the short sale fell through. They finally closed the short sale in June."

A short sale doesn't necessarily absolve a homeowner of money owed beyond the sale of the home, but it can substantially reduce the amount. And in some cases, like Walt's, the bank forgives that extra debt.

"There's still a ding on my credit due to the short sale, but that's not nearly as bad as a foreclosure," Walt says.

"A short sale was certainly the best option," Walt says. "I was able to get somebody in the property that was able to purchase it ultimately. There are so many scenarios that could have played out. I could have walked away in 2005 and who knows what would have happened to the house."

It was a sweet deal for them because the property values fell to the point where they could afford the place that probably they wouldn't have been able to afford otherwise.

"By working with Dennis Rath I was able to save \$80,000," Walt says. "The alternative would have been foreclosure. The bank would have a bank auction. Then I would still have been on the hook for the balance not recovered in the auction. Dennis Rath did a great job for me."

