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FOR IMMEDIATE RELEASE

Local Foreclosure Prevention (FP) Pro Dennis J. Rath Launches *myfppro.com*

*New Web site helps record number of Cleveland-area homeowners
avoid sleepless nights and costly, credit-crippling foreclosures*

ROCKY RIVER, OHIO (APRIL 12, 2010) — What's one to do when your spouse has lost his job, you're going through a divorce, and your home is headed into foreclosure? Clevelander Jennifer R. knows: Call Foreclosure Prevention (FP) Pro Dennis J. Rath.

Rath of ERA Rath, REALTORS® in Rocky River couldn't save Jennifer's marriage or her ex's job. But he was able to work with their mortgage lender and a homebuyer to orchestrate a "short sale" that helped them avoid a credit-crippling foreclosure, while saving them approximately \$50,000 on a mortgage with \$137,000 owed. If all goes well, Jennifer and her ex can buy homes within 24 months — as opposed to typically having to wait 9 years if their home was foreclosed on.

How did Rath convince Jennifer's mortgage lender to forgive nearly 40% of the monies owed on the principal? For starters, Rath has spent years forging mutually beneficial working relationships with the area's major mortgage lenders. Second, according to Freddie Mac, each home foreclosed on typically costs the mortgage lender \$58,000 in attorney, court, administrative and other fees. But by working with FP Pro Rath and avoiding foreclosure expenses, the lender often saves thousands of dollars *more* than the amount of the delinquent mortgage it is forgiving (and writing off as a business loss).

With a short sale, the bank can focus on its core business: mortgage lending — not home buying, holding and selling. Having held on to far too many foreclosed homes for far too long 2006 through 2009, banks have learned the hard way to accept that while they did not earn near their projected profit on these now-at-risk mortgages, they did make a fair amount in interest payments. And with a short sale, they can walk away with much of that money instead of having to reinvest it in upkeep and marketing foreclosed homes that likely won't sell for a year — and often for tens of thousands of dollars less than market value.

Unfortunately, Clevelander Jennifer R. is far from alone. The Mortgage Bankers Association recently ranked Ohio among the top 10 states in first mortgage delinquencies and foreclosures.

"Due to this so-called Great Recession and record recent job losses locally, 1 in 6 Cleveland-area homeowners is behind in mortgage payments," Rath notes. "And where nearly half used to recover and become current again with their mortgage payments, today just 6% are able to recover. Sadly, key economic indicators point to the problem worsening in 2010-11.

"That's why I'm ringing in the new year by launching *myfppro.com* and spreading the good news about short sales — about what they are, how they work, how they present a rare win-win-win for sellers, lenders and buyers, and why I'm uniquely qualified to serve as Cleveland's Foreclosure Prevention Pro," Rath adds. "By visiting *myfppro.com*, Cleveland-area homeowners struggling to make their mortgage payments can take my simple, confidential online prescreening and instantly qualify for a free foreclosure prevention assessment. They also can access a suite of other tools including household budgeting worksheets and tips, credit-card consolidation advice and solutions, and potential secondary income avenues."

Mounting Mortgage Problems

Rath predicts conditions will get much worse before they get better for Cleveland-area homeowners struggling to make mortgage payments, as well as for the many major lenders that backed these now-delinquent mortgages.

“We really cannot afford to stick our heads in the sand on this one,” Rath urges. “The myriad signs of our worsening mortgage conundrum are sprouting up all around us. We need to work together *today* to accept the new economic reality, and cut our mortgage losses and begin traversing the road to recovery.”

Among the many signs pointing toward a record number of new mortgage delinquencies, and eventual foreclosures or short sales 2010-11, are the following statistics from Jacksonville, Fla.-based Lender Processing Services:

- Due to a backlog, banks haven’t even begun the foreclosure process on 1.2 million properties that are 90 days or more past due. Those homes are headed that way shortly.
- Lenders have scaled back their bidding at public auctions that usually precede foreclosures. This signifies lenders’ heightened hesitancy to hold on to at-risk properties and their increasing willingness to let outside investors pick up the homes at deep discounts. In some states in 2009, outside investors purchased five times the number of homes they did there the previous year at public auctions.
- One-third of foreclosures remain in pre-sale status after 12 months — twice as many as the year prior.
- For every mortgage loan that improves in status, three more deteriorate further.
- The nation’s November 2009 foreclosure rate hit 3.14% — a year-over-year increase of 85.1%.
- The 10 states with the most non-current mortgage loans include Ohio, Florida, Nevada, Mississippi, Arizona, Georgia, California, Michigan, Indiana and Illinois.

Additional alarming statistics direct from FP Pro Rath include:

- “Forty percent of homes on the market today will not sell within six months of first being listed.”
- “There is three times the typical inventory of homes on the market now — we have 12 months’ worth of home versus the typical inventory of four months.”
- “The average interest rate on mortgages has climbed 1% the past six months, further stifling home sales.”
- “2006 was the biggest year ever for adjustable rate mortgages, and those ARMs are set to expire in 2011, triggering a historic wave of new mortgage delinquencies and foreclosures — if short sales aren’t embraced before then.”

The good news is the Obama administration has incentivized lenders to make mortgage modifications (such as forgiving past due payments and/or decreasing mortgage interest rates) to lighten the load on the millions of American homeowners struggling to make mortgage payments due to hardships such as job loss and mounting medical bills.

The bad news is millions of more homes will face foreclosure in 2010 than will receive mortgage modifications. Only a few hundred thousand will receive the gift of mortgage modification this year, and many of these fortunate few eventually will find the adjustments, while most appreciated, are “too little, too late.” Mortgage modifications often only bring a few months’ breathing room. Before long, these Clevelanders will again find themselves at the “Foreclosure or Short Sale” crossroad.

“Unfortunately, while everyone knows you’re in trouble when you can’t make your monthly mortgage, most who are delinquent in their payments do *not* know there’s a crossroad — that they have an option other than foreclosure,” Rath notes.

Ed Haldeman, CEO of Freddie Mac, a government-sponsored enterprise that purchases mortgages, concurs.

“About 5.6 million mortgage loans in the United States are at least 60 days delinquent,” Haldeman states. “That’s a very troubling figure. But foreclosure doesn’t have to be the inevitable outcome.”

Short Sale Solution

The U.S. Treasury Department currently is finalizing a new program to entice lenders and servicers to rely more on short sales as an alternative to foreclosure. That program expands on the Obama administration’s Home Affordable Modification Program, which has had a mixed record in mitigating housing losses. Of the scores of troubled homeowners eligible for loan modifications under the program, only 12% have received refinances, according to U.S. Treasury figures.

Scant mortgage modifications have contributed to an avalanche of foreclosures. The housing crash soon will return with a vengeance, as 7 million new foreclosure properties are hitting the market, analysts at Amherst Securities Group LP predict. The New York-based mortgage-bond analysts say we now have five times the number of repossessed homes on the market than we had five years ago. This glut of properties, combined with a growing “shadow inventory” of an estimated 30% of other homeowners who say they want to put their homes up for sale in the next 12 to 24 months, is expected to further drive down already-low home-sale prices and crimp homeowners’ ability to obtain equity loans and ride out this economic storm.

That prospect, coupled with the high costs and lingering credit impact of foreclosure, are just two reasons government regulators now are pushing short sales — real-estate transactions in which defaulting homes are sold for less than their outstanding mortgage balances. Under the upcoming U.S. Treasury plan, as much as \$10 billion of government funds will be used to give lenders catch-up payments. One U.S. Treasury proposal also offers lenders \$1,000 for going along with each short sale. The borrower also would be in line for incentives (possibly \$1,500 in closing fees) for agreeing to a short sale.

And as with all short sales, the lender holding the mortgage note and agreeing to the transaction pays the real-estate agent’s commission — not the seller. Just as sweet to the seller, thanks to the Mortgage Debt Relief Act of 2007, the amount of mortgage debt forgiven no longer is taxable income. Prior to the Mortgage Debt Relief Act, the about \$50,000 Jennifer R. and her ex saved thanks to a short sale could have resulted in more than \$15,000 in federal, state and local income taxes!

FORECLOSURE	SHORT SALE
<p>The right to home ownership usually is stripped away for seven years or longer. The delinquent borrower typically rents, building zero home equity, during that extended period.</p>	<p>If you keep your credit score clean going forward, you can buy a home within 24 months. In fact, if your credit score does not reflect a single 60-day-plus late pay, under Fannie Mae guidelines you can buy another home immediately!</p>
<p>The bank legally may post a Notice of Public Sale (aka “the scarlet F”/Foreclosure sign) in plain view for all your neighbors to see.</p>	<p>You retain dignity, knowing YOU sold your home — and your neighbors have no indication it was a “short sale.”</p>
<p>Your credit score takes a serious nosedive that could prevent you from obtaining cars, credit cards, loans and even certain jobs for years.</p>	<p>Your credit score temporarily dips a bit — but far less than it likely would have with a few (more) delinquent mortgage payments never-mind a full-blown foreclosure.</p>
<p>The foreclosure might remain on your credit report for up to 10 years.</p>	<p>The short sale — which can be orchestrated whether you’re current on your mortgage, late on payments or deep in foreclosure — typically will have minimal mention and nominal impact on your credit score.</p>

DJR: Your FP Pro

Dennis J. Rath of ERA Rath, REALTORS® in Rocky River, Ohio, is uniquely positioned and proven to serve as Cleveland's preferred Foreclosure Prevention (FP) Pro. Rath orchestrated his first short sale in 1997. He has 12 years' experience saving Cleveland-area homeowners from foreclosure and, during that time, also has completed thousands of Broker Price Opinions (BPOs are used in the short sale process) for major lending institutions such as Wells Fargo, Chase, USA Bank, Charter One and PNC (formerly National City Bank). Rath is accredited by Harris University as a Short Sale Expert. One of the first professional REALTORS® to earn certification as a Short Sale and Foreclosure Resource by the National Association of Realtors, Rath also is recognized as a Home Retention Expert by seven of the nation's largest mortgage companies. Visit www.myfppro.com today to take Rath's simple, confidential online short sale prescreening and instantly qualify for a free foreclosure prevention assessment. The [myfppro.com](http://www.myfppro.com) Web site also offers a suite of other tools including household budgeting worksheets and tips, credit-card consolidation advice and secondary income opportunities.

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