



GREEN STREET REALTY, LLC

TRUTH BEHIND LOAN
MODIFICATIONS



Green Street Realty, LLC | www.greenstreetrealty.com



Welcome

Green Street Realty is a progressive real estate company meeting today's problems head on. The company is founded on principles learned over six years of rich and extensive experience by its founders. The focus of Green Street Realty is to assist Homebuyers and Sellers to make informed decisions based on the options available in today's competitive market.

Green Street Realty is the complete source for today and tomorrow's Real Estate transactions. The Green Street Experience consists of specially formed teams to meet the diverse goals of our clients. Each team consists of a specialist within their field of expertise - agents, transaction coordinators, support staff and short sale negotiators. We are proud to offer a level of service not found in the Traditional, Short Sale or Foreclosure industry. We take challenges head on rather than hoping they work themselves out and our extensive know-how has better prepared us to deal with unforeseen challenges. Our Agents are dedicated to the time necessary to communicate with you, helping you to understand the alternatives available and benefits of avoiding foreclosure. Others in our industry look to us as leaders; we are the standard for innovation in Short Sales.

If you are reading this, chances are you are seeking answers and hoping to make a positive change. Many different approaches and ideas can work—and just as many can fail. One thing is for certain: even incremental change can sometimes create positive returns, so try not to prejudge ideas. To that end, as you read this guide, remain open to your “aha” moment —you



may discover a way that might lead you to a stable financial future. Our goal is to provide you with enough information about your general situation that will enable you to identify potential solutions.

Not all of these ideas will apply to you, nor are the recommendations exhaustive. As a first step, read through the guidebook and digest the ideas presented. Feel free to also visit our website for more insight and resources. Homing in on your goals and strategy can help encourage the understanding, allowing you to make a clear decision as to what is best for you and your family. Now read on. You are on your way to creating a plan that works for you.



Why use Green Street Realty

No cost to you

Lender pays all fees

We know how the lenders operate

We'll help you revive your financial stability

We negotiate with the lenders for you

Our seasoned professionals can discuss the options available to you.

A Great Experience

Short Sale: Your Best Option

The short sale of your property can be advantageous to you because:

1. It can help you save your credit history
2. It can help you find a solution to an otherwise embarrassing situation
3. It could reduce the stress of finding funds to answer a certain financial obligation
4. It is the faster solution to mortgage foreclosure process

In today's housing market, there are tons of property inventories. And that causes the banks to lose a lot of money each day. For the borrower, it is a stressful, embarrassing, and dreadful experience. Short sale could actually stop the mortgage foreclosure process involved and benefit all parties involved. Green Street Realty has developed relationship with lenders and servicers allowing us to take the brunt of the work from your hands. By letting us negotiate your short sale, you will be more available to concentrate in rebuilding what is important to you. At the end of the short sale process, the lender gets his money from the sale and the homeowner can walk just away from the property that he can't pay for any longer. The buyer gains advantage too as he ends up buying a good property at a discounted price.



Strategic Default

Millions of homeowners who bought homes in the last five years, particularly in the hardest hit states of California, Florida, Nevada, and Arizona are underwater in their mortgage. For example, a homeowner who bought an average home in Phoenix at the peak would have paid around \$339,118. That home would now be worth only \$169,805 and, assuming a 5% down payment, the homeowner would have approximately \$132,000 in negative equity. He could save approximately \$116,000 by walking away and renting a comparable home. Or, he could stay and take 20 years just to recover lost equity – all the while throwing away \$1300 a month in net savings that he could invest elsewhere. Millions of U.S. homeowners could save hundreds of thousands of dollars by strategically defaulting on their mortgages.



There is a distinguishing factor between "strategic defaults" and "ordinary" defaults. Ordinary defaults occur when people simply can't make the payments. In a strategic default, the homeowner chooses to 'walk away' even though they can make the payments; they decide to stop "throwing good money after bad." An extensive study on this practice found that about 26 percent of existing defaults have been strategic.

Previously, a social stigma was attached to default, and that can be a powerful influence. As defaults become more common, the social stigma is weakened. Researchers have found that "...people who know someone who defaulted strategically are 82% more likely to declare their intention to do so."

Green Street Realty, LLC

At Green Street Realty, we will provide you with helpful information, articles, and resources to provide you with the confidence that we are the solution to your problem. There are other options to foreclosure and we're here to help you get a better understanding of what they are.

Our Mission: To lead the Real Estate industry by delivering a custom experience that serves the needs of our community

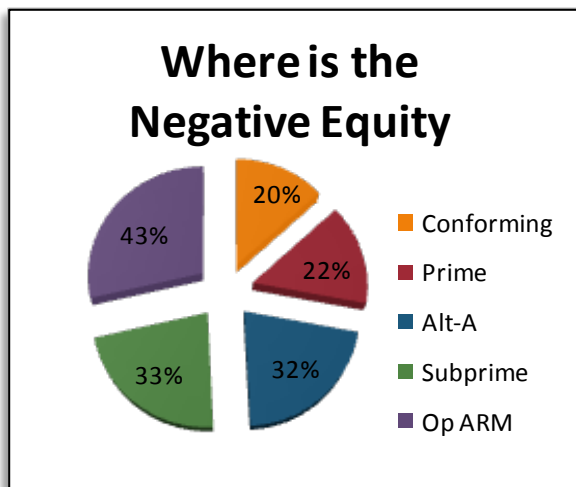
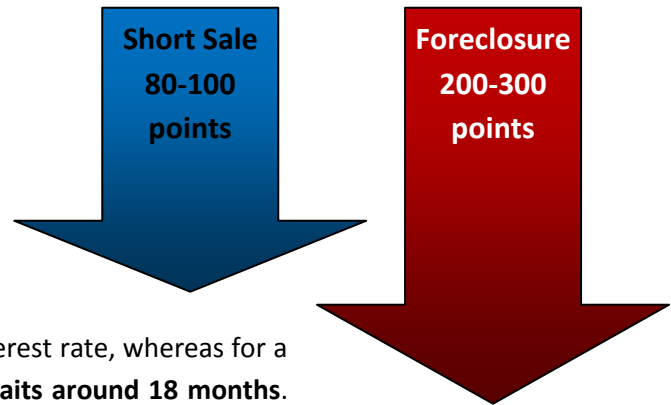


Home Owner Outlook

Short Sales vs. Foreclosure - Effects on Your Credit?

Homeowners looking to stop foreclosure have the option of doing a short sale. By accepting a short sale, the lender can avoid a lengthy and costly foreclosure, and **the owner is able to pay off the loan for less than what he owes**. Many lenders will agree to accept the proceeds of a short sale and forgive the rest of what is owed on the mortgage. It takes around three years after a foreclosure before a lender will offer a sensible interest rate, whereas for a person who went through a **short sale typically waits around 18 months**.

Salvaging your credit and your buying power in the near and distant future should always be the primary concern when making the decision between a short sale and stopping foreclosure.



Negative Equity & Strategic Default

For much of the past decade, consumers have been enriched by rising home values enabling them to monetize their home equity early and often. **By early 2011 our industry will see 48% of mortgage loans, or 25 million mortgages, with negative equity.** Borrowers may “ruthlessly” or strategically default even without life events. Strategic defaults are heavily concentrated in negative-equity markets where home values zoomed during the boom and have cratered since.

Mortgage Forgiveness Debt Relief Act Expires in 2012

Prior to 2007, a homeowner who lost their property to foreclosure or sold their property for less than the mortgage amount could be taxed on the amount that was forgiven by the lender. The additional stress of having to pay taxes on thousands of dollars of income that they did not earn could seem devastating. But under the Mortgage Forgiveness Debt Relief Act, taxpayers may claim a special tax relief if the balance of their loan was \$2 million or less. Debt reduced through mortgage restructuring, in connection with a foreclosure or used to substantially improve their principal residence, may qualify for this relief. Here are the key points:

- Only applies to mortgage debt forgiven January 1, 2007, and before January 1, 2010
- Only applies to the mortgage used to buy the home and must be the principal residence
- Only applies when the home loses value or the owner's financial condition qualifies



How can we help you...

We can help you understand the benefits of a short sale and avoid foreclosure

If the market value of your home is less than what you owe on your current mortgage, you may qualify for a lender approved solution known as a Short Sale. A Short Sale can be accomplished by negotiating with your lending institution to accept a sale of your property to a third party buyer for less than what you currently owe. Your property is saved from foreclosure, thus helping you to save your credit rating. Allowing your home to proceed into foreclosure may adversely affect your credit for up to 7 years.

The short sale transaction is a much more beneficial alternative to foreclosure or even bankruptcy. Lenders are motivated to accept short sale offers and can result in a win-win-win situation for all parties involved:

- **You win** by getting out of a financial predicament and salvaging your credit score.
- The **lender wins** by avoiding timely and costly foreclosure proceedings.
- The **buyer of your property wins** by getting a solid property at a good market value.

Web Presence

Our website provides you with educational information and resources regarding available options, the ability to value your home and important information concerning economic updates.





We can help you by negotiating with senior and junior lien holders for release

One of the toughest phases of a short sale is understanding how the lenders operate. The chances of success with your lender improve if your communications with them is organized and complete. Our contact with the lender's loss mitigation department is our advantage because of the relationships that we have already established. We are familiar with their processes and the information that they will require. We will work diligently with you to send them the appropriate documentation and provide them with any additional information that they may require.



We take on the negotiation responsibility of dealing with the senior and junior lien holders. Junior Lien holders must be convinced to voluntarily release their liens on the property to allow the transaction to be completed. Green Street Realty will negotiate any necessary financial arrangements with the lien holders to remove the lien from the property.

We can help you – Rebuild your financial stability

Our ability to facilitate the transactions in less time than our competitors enables us to bring you closure as quickly as possible. While a short sale can be devastating to your credit, it is not as damaging as foreclosure and/or bankruptcy. Recovering from the impact of a short sale isn't easy but it is possible to reestablish a positive credit history and boost your credit score in a fairly short amount of time. We have developed relationships with company's willing to help our clients quickly rebuild their financial future.

Credit Repair: Our preferred credit repair company provides an immediate action plan to improve your credit standing. Instead of waiting for negative items to drop off in 7-10 years, or trying to repair your credit yourself, let them take the frustration away while getting you effective and timely results.

Transition Housing: We have established a network of affordable short term housing services to assist you in during your transition between homes.



Frequently Asked Questions

1. Will the bank come after me for deficiency?

In some states, when a home is sold at a foreclosure sale and the amount it sells for is not enough to cover the loan, the lender can come after the borrower for that deficiency after the sale. In Arizona, there is an Anti-Deficiency Statute that may apply to you to prevent that from happening. In order to be protected you must:

- Have a single residential single family or dual family dwelling on 2 ½ acres or less.
- The money borrowed must have been used to purchase the property
- The property was not destroyed or diminished in value by taking appliances and other fixtures (note: the FBI is beginning to prosecute owners who strip the house before moving out. It is considered mortgage fraud and prosecuted by law.)

2. Why would a bank do a short sale?



Lenders are motivated to accept short sales because they are relieved of a non-performing asset. They are not in the business of owning property, nor are they in the business of holding onto non-performing assets. Delinquent and non-performing loans place a huge burden on mortgage lenders. For all delinquent and non-performing loans lenders must set aside funds in reserve to deal with potential losses. These funds can't be put to work generating new loan fees until the bad loans are resolved. A successful short sale enables the lender put more money to work.

3. Are there any tax ramifications?

Borrowers may incur income tax liability for forgiven debt that is referred to as “phantom” income. For a borrower who is already losing their home without receiving any cash from the transaction, this additional hardship could put them so far into insolvency that they may never recover enough to buy another home. As a result, the government enacted the Mortgage Forgiveness Debt Relief Act of 2007. Generally speaking, debt forgiveness occurs when a borrower is released from the balance of debt owed on their mortgage after the lender receives the proceeds from a short sale.

4. How do I get the auction stopped?

The easiest way to stop an auction is simply to ask the lender to put it on hold. Most lenders will do this in order to give the homeowners more of a chance to pay back their loan or get out of foreclosure. Usually, they will want to see some sort of proof that the homeowners are pursuing some solution to the foreclosure, like selling or refinancing, or any other method to stop foreclosure.



FORECLOSURE vs. SHORT SALE HOMEOWNER CONSEQUENCES

Issue	Foreclosure	Successful Short Sale
Credit Score	Score may be lowered anywhere from 250 to over 300 points. Typically will affect score for over 3 years	Only late payments on mortgage will show. After sale mortgage will be reported as paid or negotiated. This will lower the score as little as 50 points, if all other payments are being made. A short sale's affect can be a brief as 12 to 18 months.
Credit History	Foreclosure will remain as a public record on a person's credit history for 10 years or more.	Short sale is not reported on a credit history. There is no specific reporting item for 'short sale'. The loan is typically reports 'paid in full, settled'.
Current Employment	Employers have the right and are actively checking the credit regularly of all employees who are in sensitive positions. A foreclosure in many cases is ground for immediate reassignment or termination.	A short sale is not reported on a credit report and is therefore not a challenge to employment
Future Employment	Many employers are requiring credit checks on all job applicants. A foreclosure is one of the most detrimental credit items an applicant can have and in most cases will challenge employment.	A short sale is not reported on a credit report and is therefore not a challenge to employment.
Deficiency Judgment (amount)	In a foreclosure the home will have to go through an REO process if it does not sell at auction. In most cases this will result in a lower sales price and longer time to sell in a declining market. This will result in a higher possible deficiency judgment.	In a properly managed short sale the home is sold at a price that should be close to market value and in almost all cases will be better than a REO sale resulting in a lower deficiency.
Future Fannie Mae Loan – Primary Residence	A homeowner who loses a home to foreclosure is ineligible for a Fannie Mae backed mortgage for a period of 5 years	A homeowner who successfully negotiates and closes a short sale will be eligible for a Fannie Mae backed mortgages after only 2 years
Future Fannie Mae Loan – Non Primary	An investor who allows a property to go to foreclosure is ineligible for a Fannie Mae backed investment mortgage for a period of 7 years	A homeowner who successfully negotiates and closes a short sale will be eligible for a Fannie Mae backed investment mortgage after only 2 years
Future Loan with any Mortgage Company	On any future 1003 application, a prospective borrower will have to answer YES to questions C in Section VIII of the standard 1003 that asks "Have you had property foreclosed upon or given title or deed in lieu thereof in the last 7 years?" this will affect future rates.	There is no similar declaration or questions regarding a short sale.



Testimonials

“We truly appreciate all the hard work you put in to helping us short sale the properties of our clients. Closing 6 for 6 is a great record and it’s attributed to the teamwork that your company provides. The exceptional knowledge and personal service provided by you and your team certainly should be commended. You can definitely count on our recommendations for your services to other brokerages within the community.”



Shawn B. – Referring Designated Broker

“My experience with Done Deal Solutions was a positive one. They set up my expectations upfront and kept me in the loop as the process unfolded. At any point I could contact my representative or their assistant and get an update. For such a horrible event in my life, going through a short sale, they let me have some ease. I knew they would do all that they could to negotiate with the banks and make the deal happen. I would not even pick up the phone and call anyone else.”

Mike O. – Homeowner

“I couldn't imagine going through the process of short selling our home without Green Street’s tireless assistance. Our agent was always available and willing to help us with the sometimes trying and confusing process. Whether it was answering questions during the paperwork or suggesting a good CPA, their knowledge, easy going demeanor, and constant professionalism were invaluable to us. I highly recommend Green Street Realty and the entire team for anyone looking to short sale their property.”

Emily N. – Homeowner

“We all know that a team is only as good as its members. Green Street Realty has a team of star players, accomplished, energetic, driven and thoughtful agents who should represent you in your next real estate transaction. They will go the extra mile to get the job done right.”

Thad J. – Referring Agent





Steps to Avoid Foreclosure

Step 1 – Get Educated

You need to know your options when it comes to your home. Green Street Realty Specialists have dealt with every possible option when coping with foreclosure. Even if our services aren't the right direction for you, our Specialists can point you in the right direction.

If you owe more than your home is worth, and don't want to declare bankruptcy or face foreclosure, then a short sale of your home is the best option. Although a short sale does have potential tax implications, Green Street Realty Specialists are able to answer your questions. Visit our website for additional resources to determine if a Short Sale is the best course of action for your situation.

Step 2 – Get Some Help

Because there are often so many different entities involved in a mortgage (1st mortgage, 2nd mortgage, the investor on the loan, etc) you really don't want to do this on your own. Green Street Specialists are experienced real estate agents who have done many short sales and are able to deal and negotiate with the mortgage company(ies) on your behalf. Our seasoned and experienced Specialists can give you a much better chance of successfully short selling your home. Plus, you'll never have any out of pocket expenses to pay, as everything is essentially paid by the lender.

Step 3 – Get Started Now

The longer you wait to get started with the short sale process the less chance you have of success. With a Green Street Specialist by your side, you are able to decide quickly to start the short sale process even before or are currently getting behind on your payments, or have already received a notice of default.

Step 4 – Know the Tax Implications

The government recently passed laws that regulate the short sale process and can probably release you from any tax implications. Although our Specialists know these rules and regulations it is best to talk to a qualified tax attorney or CPA about this for your particular situation.

Step 5 – Prepare to Move Quickly

Because your closing date may not be set in stone, you need to be prepared to leave your home quickly if needed. If you need assistance in finding you a new or rental property, our Green Street Specialists have access to the best resources available to guide you.



**GREEN STREET
REALTY**

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