



Question and Answers about Foreclosures

- 1) **What is a foreclosure?** When a homeowner falls behind on their mortgage payments, the lending bank will repossess the property. Typically, the bank will begin a foreclosure after 3 or 4 missed payments, but they can start the process after missing just 1 payment.
- 2) **How long does the foreclosure process take?** After the bank notifies you, they are required to run an advertisement in the local paper for 4 consecutive weeks. On the first Tuesday of the following month, the house will be auctioned at the steps of the courthouse.
- 3) **Can the bank sue me for the balance on my house?** Normally, the banks will forgive the balance of your loan. The amount forgiven by the bank is considered taxable income by the IRS, so this might have an effect on your tax bill at the end of the year.
- 4) **What will happen to my second mortgage?** After your property is auctioned off, the proceeds are used to pay the first mortgage. Any additional money is used to pay the second mortgage. If there are no additional funds or the funds do not cover the entire balance, the second mortgage lien holder can sue you for the difference.

Can Bankruptcy Help Stop My Foreclosure?

A Chapter 13 bankruptcy case allows an individual or married couple with regular income to deal with their debts by making regular payments to a Chapter 13 Trustee. The payments are made over a period of 3 to 5 years. The plan can cure an overdue balance, on a home mortgage over a 60 month term. A Chapter 13 bankruptcy filing can also deal with many other short-term debts such as credit cards, car loans, and medical bills. This can free up funds so that future mortgage payments can be made in a timely manner.

In addition, a Chapter 13 plan often can remove a second or third mortgage. Once the lien is removed, the second mortgage can often be paid little or nothing through the plan. The remaining balance on the second or third mortgage is completely discharged at the conclusion of the plan.

Another huge advantage of Chapter 13 is that the case can be filed without a big upfront expense. With a Chapter 13 bankruptcy case, the homeowner's attorney fees are included in the plan. The attorney fees are then paid during the course of the 3 to 5 year plan. In fact, a Chapter 13 bankruptcy case can be started for as little as \$75. Contact Morgan & Morgan today for a free consultation with an experienced attorney to discuss your options. You can call us at (706) 548-7070 or you can visit our website at www.MorganLawyers.com