



What can you do when you can't afford to fix your home?

By Ilyce Glink and Samuel J. Tamkin
Tribune Content Agency

Q I've never been late with my payments. Bank of America has my loan. I'm wondering if I can benefit from a HAMP or a HARP loan. My house is literally falling apart, but I can't afford to fix the roof, foundation or termite problem. Should I sell the property as a flip/fix to a real estate agent?

A The first question is whether you have equity in your house or not. If you do, then you might be able to get a home equity line of credit to help cover some or all of the expense in fixing your home. If there is no equity and you can't figure out how else to pay for the needed repairs, then you should consider selling this property before it falls down around you.

The program that might be helpful to you is the Home Affordable Refinance Program (or HARP), which would help you refinance your mortgage. But you'd only do this if you have a high interest rate and very little or no equity. While a HARP loan would make repayment easier (because it would lower your interest rate), it wouldn't give you any cash to fix up the property.

It's not that easy to qualify for a HARP loan, despite what you may have heard. First, your loan must be owned by Fannie Mae or Freddie Mac. (If Bank of America is the servicer, then it's likely that your loan is owned by Fannie or Freddie.) Your loan has to have been originated on or before May 31, 2009. And your loan-to-value ratio must be greater than 80 percent. You can find out more at www.harp.gov/eligibility.

If you can't qualify for a HARP refinance or a conventional refinance, then you should think about listing this property before any more value slips away. Please talk

to a handful of real estate agents who are familiar with the neighborhood, and who work for brokerage firms that do a lot of business in your neighborhood. If you don't know good agents in the neighborhood, call up the companies that work there, talk to the managing broker about your situation and ask for a recommendation. Then, interview those agents to find someone you can really connect with.

Use online tools like Zillow, Trulia, Ilyce's YouTube channel (www.youtube.com/expertrealestatetips) and her website (www.ThinkGlink.com) to educate yourself on the prospects and what the sales situation looks like in your neighborhood right now.


Once you have that information, you may find that you need to sell the home as a short sale — that is where you owe your lender more than what you will get out of the sale of the home. If this is the case, you may want to contact the lender early in the process and see what requirements the lender will have for your short sale. (The lender has to approve a short sale and that approval process can take a long time.)

Short sales are not always easy, but if you take some time and talk to your lender now, you might get a better idea how hard it will be for you to sell it to a prospective buyer.

Good luck.

Ilyce Glink is the creator of an 18-part webinar+ebook series called "The Intentional Investor: How to be wildly successful in real estate," as well as the author of many books on real estate. She also hosts the "Real Estate Minute," on her YouTube channel. Samuel J. Tamkin is a Chicago-based real estate attorney. Contact Ilyce and Sam through her website, ThinkGlink.com.

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99306 - Home in the City of Spray on the John Day River, 960 sq. ft., 2/1, wood & electric heat, rv parking w/cover, garden area, city water & sewer, detached garage/shop, other outbdgs. **\$155,000**

99292A - Spray - 24'x60' shop with power, concrete flr, buildable, edge of town, city water, sewer close. **\$70,000**

99259 - REDUCED - Spray - buildable lot on the John Day River, .85 ac., in the City of Spray, city water, sewer available, property has two levels. **\$65,000**

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