

# Mortgage Architects helps distressed homeowners stay in their homes

The headlines tell us that the recession is behind us, but for many Canadian homeowners, it certainly doesn't feel that way right now.

For some, it's the loss of a job. For others, an unexpected large expense – or even a small reduction in income – has made the difference in whether the cheque book balances at the end of the month. And when cashflow starts to go the wrong direction, financial problems can quickly escalate out of control. The stress of trying to meet too many debt obligations may mean that some payments are missed.

The moment that a homeowner begins to struggle with debt, they should get themselves in to see an experienced mortgage planner. If there is equity in the home, there is often a solution. And catching a debt situation early is still the best way to protect your financial future.

But in the worst cases, there will be homeowners who will find themselves in that most difficult situation: facing the possible loss of their home. Generally, these homeowners have had a combination of unlucky strikes: a reduction in income, an increase in expenses, and little or no equity in their home. The absence of equity tends to be the tipping point for homeowners under financial strain. Many homeowners are able to refinance to consolidate their debts; but with no equity buffer, the homeowner will not have that option.

Banks and traditional lenders have begun to turn away some homeowners for a variety of reasons: tarnished credit, no home equity, or the inability to support mortgage payments. We call these "distressed homeowners": those facing the unhappy choice of selling their home, or having the lender dispose of the property through power of sale.

Many of these homeowners really want to stay in their homes – especially if the children are happy in the

neighbourhood and in their schools. Losing a home is not just a financial setback, it is also a tremendous disruption to the family who may need to adjust to a new community and a much smaller rented living space, for example. The professional mortgage planners at Mortgage Architects are seeing this trend in communities across Canada.

The good news is that, often, our planners are able to access help for distressed homeowners who have been discarded by the banks and traditional lenders. Over their years in the industry, most of our planners have established a network of private investors and other organizations that look at these situations.

These programs offer a few different options. Some will buy the house outright and then allow the family to stay in the home as renters or in a rent-to-own scenario. So while the family does give up ownership, their family life can often continue without much interruption and the acute stress of moving in such a difficult situation. Instead, the family can focus on rebuilding their finances – often with the goal of re-purchasing the place they call home. Many rent-to-own programs are three years – which is the perfect timeframe to rebuild credit and establish a sound financial footing. By contrast, bankruptcy means a power of sale, the property is gone, and worst of all – a credit report that clearly reflects this outcome.

While they help distressed homeowners look at their options, these planners also help these clients take back control of their financial destiny – by providing credit and debt counseling during the rental or rent-to-own transition period.

If you're worried about your debt situation – or you may be facing the loss of your home – it's time to talk to a mortgage planner. If there's a way to a better future, we'll help you find it.

**Mark Goode AMP**

Agent #M08003177

Mortgage Broker

180 Memorial Avenue, Orillia, ON L3V 5X6

T: 705.326.8523 TF: 1-866-326-8523

mark@markgoode.ca

www.markgoode.ca

 Mortgage Architects™

Planner Network