

Mortgage in Default? Don't Hand Over Your Keys to the Bank

You may be better off selling your property before the bank steps in.

Because of the present world-wide economic recession and in particular the dramatic downturn in the auto industry, many of our members are unable to keep their mortgage payments up-to-date. Some of them become so discouraged that they give up possession of their homes to the bank or financial institution holding the mortgage. This is often the worst thing to do!

The bank will take possession and list the property for sale. Although obligated to get market value, the bank usually accepts the first reasonable offer. The legal fees and disbursements charged in connection with these Power of Sale proceedings are extremely high, and are added to the outstanding principal and interest arrears. After the sale is completed the bank will often sue the owner for any shortfall.

CAW Legal Services Plan members who find themselves in these circumstances should CALL THE PLAN FIRST, before acting too hastily.

Often a lawyer can help, by delaying the Power of Sale proceedings, to give members time to list their property for sale, maximize the sale price, minimize costs and get out from under their financial burdens.

We encourage our members to consider listing their property with a trusted and experienced realtor, without delay, because selling privately in an attempt to avoid commission can be very difficult in the present market conditions. An experienced realtor will list the house at a realistic price, which will encourage offers, so that it can be sold in a timely fashion.

Many of our members are shocked to find out that the price of their home has decreased since they purchased it. However, when downsizing to a more affordable property, remember that the price of the downsized property will also have decreased.

The situation may seem bleak, even hopeless, but don't give up. Do not simply vacate your home and turn the keys over to the bank, as this is seldom in your best interest and may result in the absolute worst financial consequences.

CALL THE PLAN FIRST.

Let a real estate lawyer help you, before you hand over the keys!

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