
Deed back

Posted by Tim46 - 2008/02/11 00:38

How willing are banks to accept a parcel of property back from the borrower? I have a client that cannot afford the property anymore and just wants to give it back to the bank as opposed going through the foreclosure process.

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Re:Deed back

Posted by Micky B - 2008/02/11 22:13

banks will take a deed in lieu, but they will come after the homeowner for any deficiency. Better consult with a bankruptcy attorney first.

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Re:Deed back

Posted by Jackie - 2008/02/12 11:29

check out this article in today's news

http://news.yahoo.com/s/ap/20080212/ap_on_bi_ge/mortgage_mess_rescue

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Re:Deed back

Posted by Jackie - 2008/03/11 15:23

as a result of the mortgage foreclosure crisis, bank inventories are growing at an unmanageable rate. and although banks don't necessarily want the properties, that would often welcome a deed in lieu b/c it saves them some \$50k in foreclosure costs and fees.

that said, you could also try to advocate to get your client some money... possibly get the bank to buy your client's redemption rights for \$5k-\$10k, which is still a savings of over \$40k to the bank if they were to have to go forward with foreclosure proceedings.

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Re:Deed back

Posted by Samantha - 2008/03/11 16:00

the banks technically own the property, so they have to take the property back. The banks are required by law to send a 1099-C forgiveness of debt. The debtor has to pay taxes on the debt forgiveness.

I agree with Mickey B about consulting with a bankruptcy attorney first.

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