

Modesto Attorney John Villines says, 'When helping homeowners, banks stop short'

Three cities here in the Central Valley recently made the *Forbes* list for the 20 most miserable cities in the U.S. *Forbes* stated that one of the major factors for including Stockton (#2), Modesto (#11), and Sacramento (#17) on the list was the large volume of foreclosures in proportion to the population. It seems that everyone in the Central Valley has been affected in some way by the foreclosure process.

Homeowners generally have three options when faced with the reality of falling behind on mortgage payments and the threat of foreclosure: negotiate a loan workout with the lender, attempt to "short sale" the home or simply walk away. "Each of these areas have significant pitfalls and very real consequences," says John Villines, a Modesto real estate attorney who advises clients on their legal options when a loan default has occurred.

Villines, who has been practicing law for more than a decade in the Central Valley, is especially concerned that homeowners are becoming increasingly confused on the best course of action. "If you turn on the news, you hear 10 different ways to beat a foreclosure and come out on top. I wish it was that easy." Villines says that too often the homeowner is hit with conflicting information. "Most people hear mixed messages about how to handle a foreclosure when their home is upside-down in value," Villines says. "The truth is that the best solution for a homeowner is often complex, and depends on many variables." Villines' law firm JV Law is dedicated to helping homeowners solve these challenges. They offer homeowners a free, in depth case analysis.

The Obama Administration estimates that three to four million people could be helped by a loan modification through President Obama's Home Affordable Modification Program, also known as



Attorney John Villines with Clerical Assistant Samantha Winfree at JV Law office, located at 726 14th Street in downtown Modesto.

"HAMP." "Currently, about 900,000 homeowners have been approved for HAMP's pre-modification 'trial payment phase,' but only 66,000 of these have resulted in permanent loan modifications," says Villines. "That equates to only a 7 percent success rate, a far cry from President Obama's goal of 75 percent. Additionally, the U.S. Treasury Department recently reported that current programs are not sufficient and millions more may go into foreclosure," he says.

According to Villines, homeowners are discovering that after making 3-to-6 monthly payments during the trial payment phase, they are rejected for a permanent modification on some technicality or error. "Often the only reason given is a generic denial by the bank. Worse yet, these homeowners may come home from work one day to find that their home was sold by the bank without any further notification. All of this is allowed under the current HAMP rescue plan," he says.

"Obviously the HAMP plan has major flaws and homeowners need help right now to protect their

home and get a real modification," says Villines, who assists clients with loan modifications as part of his legal practice. "Free assistance through HUD programs is out there, but often this help does not go far enough." Many homeowners who try to do it themselves run into trouble because they lack experience. They spend hours on hold dealing with difficult bureaucrats, only to have their modification rejected months later for seemingly no good reason. "Many times, those who say homeowners can 'do it themselves' are not in the trenches on a daily basis – they have no clue as to the reality of how badly the banks are treating their own customers."

Short sales can also be tricky. A short sale is where the homeowner sells the home for less money than what is owed to the bank. These transactions can be of benefit, but the downside can be worse than a foreclosure. "Short sales come with all sorts of complications, especially if there is more than one loan on the property," Villines says. "Many times a person will sell his home through a short sale and think his problems are over, but a year later he gets a big tax bill from the IRS or gets sued by the second mortgage for the debt."

Although real estate agents handle the short sale transaction, these agents are prohibited by law from giving legal advice. "Some realtors stay silent about these pitfalls or worse yet, give wrong information," says Villines. "That is why it is crucial to get advice from a trusted attorney on all of the ramifications of conducting a short sale. The risk is too high to just hope it all works out."

"Increasingly, simply walking away from a devalued property is in vogue," says Villines. These "strategic defaults" also come with potential problems. "Done improperly, this strategy can be very risky," says Villines. "Our services include counseling clients on how to properly walk away from real estate. We want to minimize the negative impact, and position our client for future home ownership," says Villines. "Sometimes the best thing a homeowner can do is abandon

a money pit for the sake of future investments. This may be one of the biggest decisions of a homeowner's life – there's just a lot to consider."

It is critical that homeowners understand the importance of entrusting their mortgage problem to an experienced and reputable attorney. "Their home represents more than just a building and dirt. It encompasses so much more: a legacy – the cherished place of shared memories of family and friends," says Villines. "The loss of a home can be a devastating blow for a family. My firm is dedicated to preserving each client's home. We are in the business of providing hope and helping clients figure out the solution that is best for them."

JV Law clients agree. "Your knowledge and guidance gave us confidence when the situation was scary," says a recent foreclosure client. "I was happy to feel like I had someone who stood in my corner, caring about what was happening to our family."

Overall, Villines cautions homeowners to get advice before they take a particular course of action. "A wrong move right now or ignoring the problem could have far reaching consequences," says Villines. "The bottom line is that you need to know your options and craft a legal 'plan-of-action' to guide you through your economic crisis. We can start you moving in the right direction today."

Homeowners are encouraged to take advantage of JV Law's free case analysis. Each unique situation will be evaluated, and homeowners will be advised about their options, strategies, and the best course of action, taking full advantage of in-depth knowledge of the law and available programs. To schedule your free appointment, call JV Law toll-free at 1-866-510-2068 or 209-524-9903. You can also get up-to-date information by visiting www.jvlaw.net.



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Attorney John Villines working on a client's case.