



Disability Dispatch

Your Source for Social Security News
from the Law Office of Cathy L. Brackin

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CAN'T PAY YOUR MORTGAGE? THERE ARE OPTIONS . . . PART 2

Those who are sick and out of work will often find themselves behind on their mortgage payments before long. In the Fall issue of *Disability Dispatch*, I collaborated with **Rich Bradford** of **Re/Max Connection Turnersville** and presented several options. Two additional alternatives are short sale and foreclosure.

1 SHORT SALE. If you owe more on your mortgage than your home is worth, you may want to consider a short sale.

A short sale involves putting your home on the market and finding a potential buyer who is willing to pay market value for it. The offer, which is less than you owe, is then presented to the bank along with the other financial information that you will be required to provide. The bank will review the information and make a decision based on the information provided. Sometimes the bank will even offer you an incentive to move. Some people have received more than \$30,000 to do a short sale; it all depends on the lender and the program they are offering at the time. This is not guaranteed, but there are options available. You will have to prove hardship.



With a short sale option, the bank will, in many cases, accept this as payment in full for your loan. Your credit will not be tarnished as badly as it would with foreclosure. A short sale will not appear on your credit report, but the late payments will. A short sale is not as detrimental to future employment as a foreclosure.

In any short sale, you don't have to vacate the home until closing. If you have an FHA mortgage and want to do a short sale, you may want to consider not moving out of the property, as this may negatively affect your ability to do a short sale.

2 FORECLOSURE. If you get a foreclosure letter, do not panic! Call and find out where you stand and seek advice from a real estate professional or an attorney. Foreclosure is a five-step process. If you have to move, you

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Case Study: Disability Granted for Engineer with Fibromyalgia

Michelle (name changed to protect privacy) was a successful engineer who dedicated 15 years to a major chemical company and had advanced to a high level of management. When she was stricken with fibromyalgia, the company tried to accommodate Michelle's limitations by assigning her desk duties. She persevered at work for two years after her diagnosis.

Due to all-over body pain and unrelenting fatigue that is characteristic of fibromyalgia, at the age of 37 Michelle found it impossible to continue working. She applied for Social Security Disability and was denied at the initial and reconsideration levels. I obtained the opinion of her pain management doctor, who stated that her lifting and carrying were limited to less than 10 pounds occasionally,

walking and standing less than 2 hours in an 8-hour day, and sitting less than 2 hours. She would also require unscheduled breaks and could be expected to be absent more than four days a month.

The claimant's mother submitted a statement describing how her daughter had been a "wonder woman" with boundless energy. She described Michelle's inability to keep up with household chores, attend family events, and follow verbal directions.

A hearing was held before an Administrative Law Judge, who not only rendered a favorable decision, but also re-opened a prior application, which resulted in three years of retroactive benefits. ❀

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Social Security
Disability and S.S.I.

NEW RULES FOR STUDENT LOAN DISCHARGE

The Department of Education is streamlining its procedures for student loan discharge for the disabled. Suppose you have student loan debt and you've been approved for Social Security Disability. To have your student loan forgiven you need to prove to the Department of Education that your disability is "total and permanent." The procedure in the past has been for your doctor to sign a certification stating that you are unable to engage in any substantial gainful activity due to a physical or mental impairment. Further, the doctor must state that your impairment has lasted or is expected to last at least five years. Student loan discharge has been a completely separate process from Social Security, requiring its own paperwork and involvement with

another government agency.

As of July 1, 2013, the procedure will be simplified for certain individuals. When Social Security approves disability claims, they classify them as to whether or not medical improvement is expected. That classification will dictate how long it will be until the claim comes up for review. If Social Security determines that medical improvement is not expected, then they do not review the claim for five years or more. These persons can automatically have their student loans discharged by filling out the Department of Education form. They do not need to submit a physician certification or face a lengthy double review. For more information visit www.studentaid.ed.gov. ❀

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will get notice from the sheriff.

Walking away from your mortgage is a big decision. If you are behind on your mortgage and are currently in the foreclosure process, there may still be options for you. Foreclosure by the sheriff's office may leave you with personal liability to the lender and to your municipality.

There may be serious repercussions on your credit report when you are involved in a foreclosure. At the current time, banks are favoring short sales rather than foreclosures. The banks don't want to take possession of your home unless you leave them no other options. What you have to realize is that you have a lot of options. Do not panic — get sound legal and real estate advice.

You can make your life much easier by making the right choices. Facing the facts and not ignoring them will help you in the end. It's not easy, but getting the right advice can guide you through the storms and make a bad situation better.

BEWARE: This is a simplified overview of the options; there are numerous guidelines for each. Make sure you are making the decision that best suits your situation by consulting with an accountant and a Certified Distressed Property Expert or Certified Residential Specialist. Rich Bradford has earned both of these certifications. Call Rich for a free consultation at (856) 228-7990 x 323 or 609-204-0774. ❀

