

House Rules

- Please turn cell phones off or place on silent
- Participate in discussions
- Questions are encouraged
- Respect other's opinions

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Purpose and Goals

- You will know what to do if your mortgage becomes delinquent or if you are facing foreclosure
- You will know the options that are available to you
- Get involved...take action

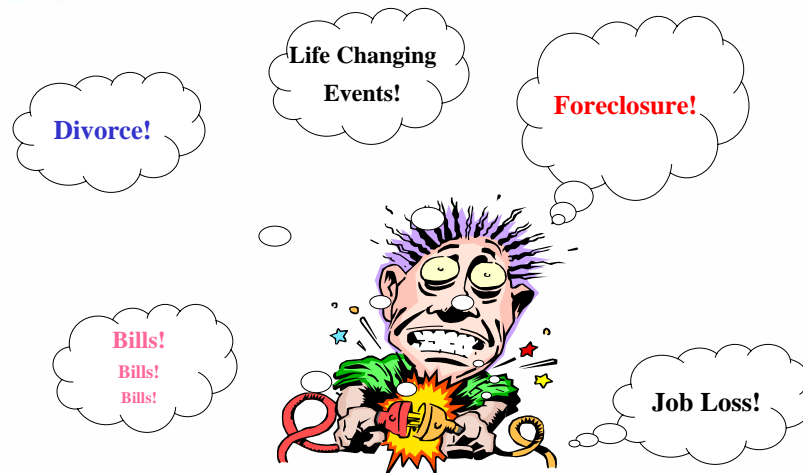
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Definitions

- Collections – the process of contacting the homeowner for and receiving delinquent amounts which are owed
- Delinquency – failing to make a timely payment so that it is received on or after the due date
- Foreclosure – legal action to force the sale of a home
- Loss Mitigation – working with the customer to find a permanent solution to resolve the delinquency - Homeownership Preservation
- Servicer – responsible for customer service, processing payments, and working with delinquent customers
- Investor – the owner of the loan
- Insurer – insures the lender/investor in case the loan becomes delinquent

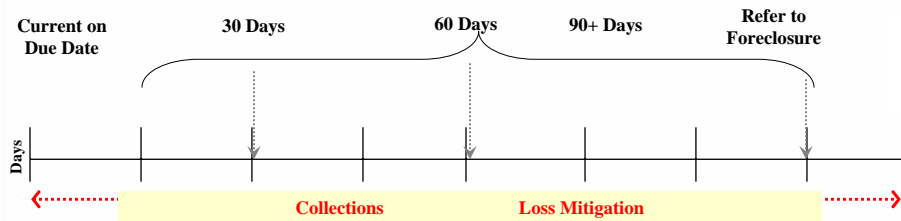
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Your Personal Challenges...



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Delinquency Cycle



➤ **Take Action Now!**
➤ **Call your Lender for assistance early!**

➤ **More options may be available when you ask for assistance early!**

Self - Awareness

- Admit there is a problem
- Define the scope of the problem
- Be **realistic** about your ability and willingness to resolve the problem
- Know when it makes sense to cut your losses and start anew
- Find a workable solution



▾ The Homeowner's Responsibility

We urge you to:

- Contact your lender as soon as possible
- Respond to communications from your lender
- Provide full and complete disclosure of your circumstances
- Contact a HUD – approved counselor
 - Toll-free number is 1-800-569-4287 or
 - <http://www.hud.gov/offices/hsg/sfh/hcc/hccprof14.cfm>

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▾ HOPE Contact

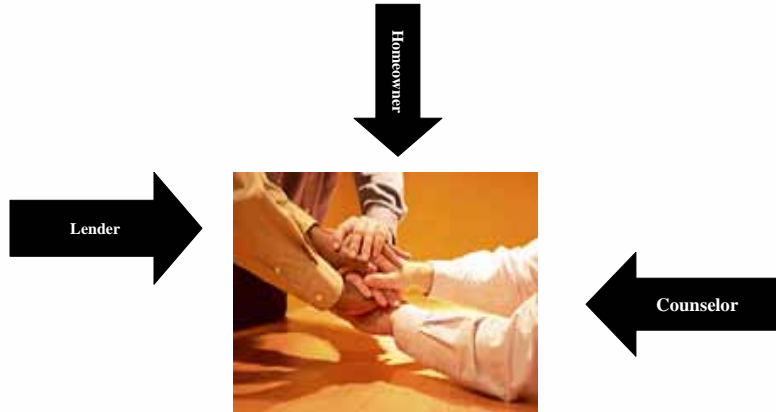


- 1-888-995-HOPE (4673)
- www.995hope.org

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Role of the Counselor

- Partnering for a Workable Solution



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Lender – Required Documentation

- Letter explaining your circumstances (hardship letter)
- Disclosure of financial information:
 - Pay stubs
 - Tax returns and W-2 forms
 - Bank Statements
 - Debts and obligations
 - Assets

Other Documentation as requested

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Loss Mitigation Options

- **Keeping Your Home**
 - Repayment Plans
 - Special Forbearance Plans
 - Loan Modifications
 - Partial Claims
- **Not Keeping Your Home**
 - Pre-foreclosure Sale
 - Deed-In-Lieu of Foreclosure

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Options For Keeping Your Home

- Repayment Plan
- Special Forbearance Plan
- Loan Modification
- Partial Claim



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Repayment Plan

- Regular monthly payments plus additional amounts as agreed
- Payments are made until the loan is current

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Special Forbearance Plan

- A signed agreement
- Allows the reduction or suspension of a homeowner's monthly payments for a specific period of time
- Requires:
 - Regular monthly payments plus additional amounts as agreed
 - Payments continue until the loan is current

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Loan Modification

- Involves changing one or more terms of the original mortgage agreement, usually:
 - Delinquent payments and other costs may be added to the loan balance
 - Interest rate changes and/or
 - Length/term of the mortgage changes
- May result in a lower payment amount

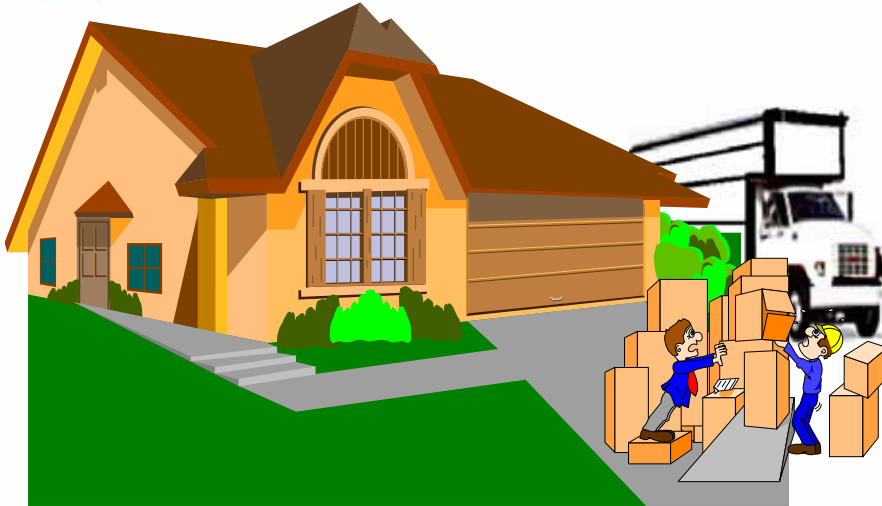
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Partial Claims – FHA Loans Only

- Interest-free loan from HUD/Insurer to bring the loan current
- The homeowner must sign a promissory note
- Results in a lien filed against the property
- HUD/Insurer is responsible to collect the partial claim amount

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Not Keeping Your Home



What Options Do You Have?

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Pre-Foreclosure or Short Sale

- Sale of the property at fair market value
- Lender agrees to accept the proceeds of the sale even though it is less than the full payoff amount in order to avoid foreclosure

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Deed-in-Lieu of Foreclosure

- The Lender must agree that the homeowner can voluntarily sign the deed over to the lender to avoid the foreclosure process
- The Homeowner is required to vacate the property at the time the documents are signed or other negotiated date

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Take Action....Ask Questions

- What options are available to me?
 - Not all options are available with all Investors
 - Lenders or Investors may offer other options
- Will I still owe money to the lender?
- How will this be reported to the credit bureaus and/or the IRS?
- Will a judgment be issued against me?
- Can I stay in my home?

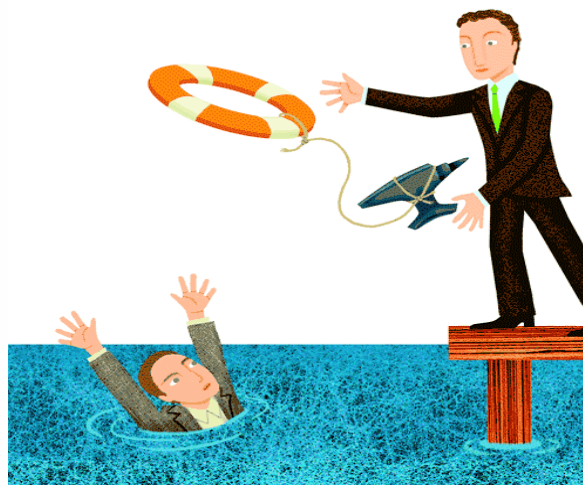
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Take Action...Get Involved

- Call your Lender
- Work with a HUD-Approved Counselor or the Homeownership Preservation Foundation
- Ask what options may be available
- Work together to find a realistic, permanent solution

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Beware of Foreclosure Rescue Scams



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Common Scam Types

- **Phantom Help** – the “rescuer” charges high fees for work the homeowner could do themselves or charges for strong representation that never materializes
- **Bailout** – includes various schemes where homeowners surrender their title to the house thinking they will be able to remain as renters and buy the house back
- **Bait and Switch** – homeowners think they are signing documents for a new loan to make the mortgage current, but sign away the home and are left holding the mortgage on a home they no longer own
- **Equity Stripping** – a buyer purchases the home for the amount of the arrearage and flips the home for a quick profit

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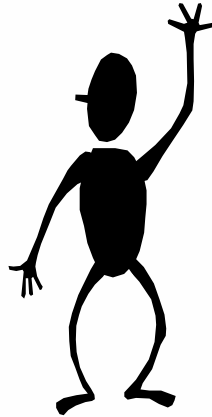
Protect yourself from scams

- Don't panic
- Talk to your lender
- Find out the rules in your state – how much time do you have
- Never sign a contract under pressure
- Never sign away ownership of your property
- Don't make payments to anyone other than your lender
- Beware of a home-sale contract where you aren't formally released from your mortgage
- Don't sign anything with blank lines or spaces
- If you don't speak English, use your own translator
- Beware of those offering to pay your arrearage and take the house off of your hands (equity stripping)

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Question and Answer Session



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Meet with Lenders & Counselors

**We look
forward to
partnering
for
solutions!**



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