

## HOME FORECLOSURE

### Understanding Your Options

**Foreclosure** is the legal means your lender can use to take your house if you are in default. Foreclosure can be initiated by anyone who has a **lien** on your property, including your lender or the county (if property taxes haven't been paid). The Obama Administration's Making Home Affordable program offers assistance to homeowners making a good-faith effort to make their mortgage payments.

\***Senate Bill 628** now requires lenders to include a notice to the homeowner of their right to request a meeting and loan modification review when sending out a **Notice of Sale**. Sale of the property may not occur until the lender responds to the homeowner.

If you decide you **want** to stay in your home, here are **retention** options to consider:

\***Pay Off** the loan if you have means to fully satisfy the debt.

\***Refinance** if your loan hasn't gone into default and your credit history will support it.

\***Repayment Plans** "catch-up" delinquent payments by paying the regular amount plus equal portions of the arrearages over a specific time period.

\***Loan Modification** provides a written agreement permanently changing one or more of the original terms of the loan (payment amount, interest rate, term).

\***Forbearance** is an agreement to suspend/reduce normal payment for a fixed period of time.

\***Partial/Advance Claim** is an agreement by the investor/mortgage insurer to advance interest free funds to the borrower to cover the delinquency. Funds are repaid at loan pay off.

\***Reverse Equity Mortgage**, if you are at least 62 years old; allows borrowers with significant equity to continue to occupy the home while receiving monthly payments from the lender, in exchange for release of the home to lender at the time of death.

\***Making Home Affordable** Offers the following programs:

1. Home Affordable Refinance Program (HARP) refinance for those not in default
2. FHA Refinance for those owing more than home is worth & that are still current
3. Home Affordable Modification Program (HAMP) modifies 1<sup>st</sup> lien for affordability
4. Home Affordable Unemployment Program (UP) forbearance for unemployed
5. Principal Reduction Alternative (PRA) program enhancement for underwater property
6. Second Lien Modification Program (2MP) works with HAMP for 2<sup>nd</sup> mortgages
7. Options for Government-Insured mortgages: FHA HAMP, VA HAMP, RD HAMP

If you decide you **do not** want to stay in your home, there are **disposition** options to consider:

\* **Sell the Property** to pay off the loan, get a fresh start and possibly net a profit from the sale.

\* **Home Affordable Foreclosure Alternatives (HAFA)** Making Home Affordable program for special Short Sale and Deed-in-Lieu of Foreclosure offering transition assistance and deficiency forgiveness.

\* **Short Sale/Pre-Foreclosure Sale**, if all parties agree, allows the sale of the house for less than the loan balance while cancelling the entire debt for the homeowner.

\* **Deed-in-Lieu** is the voluntary conveyance of the property's title to the servicer in exchange for a discharge of the delinquent debt.

\* **Foreclosure** is the equitable proceeding in which a bank or other secured creditor sells or repossesses the home.

## BEWARE OF FORECLOSURE MODIFICATION SCAMS

Unfortunately, there is no “easy, quick fix” when it comes to foreclosure. What sounds too good to be true usually is. Be extra cautious of foreclosure cure advertisements.

\* **Foreclosure Rescue Scams** are being committed by businesses/individuals promising to “settle your debt” and/or guaranteeing they can “save your home” for a fee—OR-- suggesting you “sign over” your home to them and they will “protect it from foreclosure”.

The following trusted websites offer extensive information regarding foreclosure laws, practices and remedies.

The State of Oregon and the U.S. Government offers:

[ForeclosureHelp.oregon.gov](http://ForeclosureHelp.oregon.gov)

[ForeclosureHelpandHope.org](http://ForeclosureHelpandHope.org)

[MakingHomeAffordable.gov](http://MakingHomeAffordable.gov)

[OHCS.oregon.gov](http://OHCS.oregon.gov)

[Fha.gov/about/fhascusqa.cfm](http://Fha.gov/about/fhascusqa.cfm)

[Dfcs.oregon.gov/ml/foreclosure.html](http://Dfcs.oregon.gov/ml/foreclosure.html)

Also available are Toll Free Government Hotlines:

[National Foreclosure Hotline 888-995-4673 \(HOPE\)](tel:888-995-4673)

[Dept. of Housing/Urban Development Counseling 800-723-3638 \(800-SAFENET\)](tel:800-723-3638)

And for Assistance and Information on Foreclosure Prevention SCAMS:

[Preventloanscams.org](http://Preventloanscams.org)

[Loanscamalert.org](http://Loanscamalert.org)