

MORTGAGE MATTERS

Workshop by the Baltimore Homeownership Preservation Coalition

Sponsored by Baltimore Housing



BALTIMORE
HOUSING

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The Big Question

I've missed some mortgage payments...

Am I really going to
lose my house?

We hope not...

But you need to be serious in addressing the issue:

The worst thing you can do is nothing

It's a small comfort but...

**You have a lot of
company...**

**Thousands of homeowners lost their homes to foreclosure
in Baltimore last year**





Congratulations!

You are here!

What is foreclosure?

Foreclosure occurs when property is sold to satisfy an unpaid debt.

What causes a foreclosure?

Where did things go so wrong?

- Life happens
- Sometimes people make uninformed choices



Facing Foreclosure

- Some factors might be working in your favor
- Other factors may have a negative impact

Fully understanding your loan...



- Interest Rate
- Type of Loan
- Term of the Loan
- Prepayment penalties?

So, how far behind are you?

- 0-30 days?
- 30-60 days?
- 90 or more days?

What are your Options?

- Bankruptcy
- Loan Work Out
- Foreclosure sale

Bankruptcy– would it help?

Bankruptcy is usually not a long term solution.

There are Pros and Cons...



Workout plans that would let you keep your house (you don't get to choose which one)

Forbearance: Delay payments for a short period.

Reinstatement: Promise a lump sum to bring payments current.

Repayment Plan: Catch up by adding a portion of the past due amount to your monthly payments

Modify Your Mortgage: The lender may modify your mortgage.

Sell Your Home: The lender may allow you time to sell your home.

Property Give Back: The lender may let you give back your property then forgive the debt.

Working it out- Beware of SCAMS

- **Phantom Help**
- **False Bailout**
- **Bait and Switch**
- **Credit Repair Companies**
- **For Profit Bankruptcy Counseling**
- **Refinance Solicitations**

When negotiating a workout...

- You need to act as your own advocate.
- Be realistic. You are probably going to have to make some sacrifices if you really hope to save the house
- This means saving money and cutting back expenditures

.

High Priority V. Low Priority Debt

- Secured Debt
- Unsecured Debt
- Dealing with Creditors Effectively

In pursuing a workout, a housing counselor can help...

- Engage the lender
- Help you budget and reign in your spending where possible
- Help to keep you from making missteps
- Help you look at the options
- Help you become more engaged in the process
- Make recommendations to the lender



Documents you need:

Gather:

- Loan Documents

Draw up:

- Your current monthly budget

Write:

- Hardship Letter

While waiting for your counseling appointment, contact your lender...

- Don't withhold any information
- Be realistic. Don't make promises you can't keep.
- Get all agreements with the lender in writing.
- Be prepared to document everything for the lender

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There are other options

- Is a refinance possible?
- If so, make sure you can afford the new loan

If keeping your home is not the best option

Short Sale

When you owe more than your house is worth. (This is considered an "upside down mortgage" or an "underwater mortgage")

Fair Market Sale

When you have equity in a house and the lender give you time to sell it. You may be able to get some of the value of your house back after arrears are paid.

Deed in Lieu of Foreclosure

You sign the house over to the lender, they forgive the mortgage and you move on with your life.

SALSA

A version of a short sale for Baltimore City residents. If your counselor recommends a short sale, he or she may contact St. Ambrose to pursue this option.

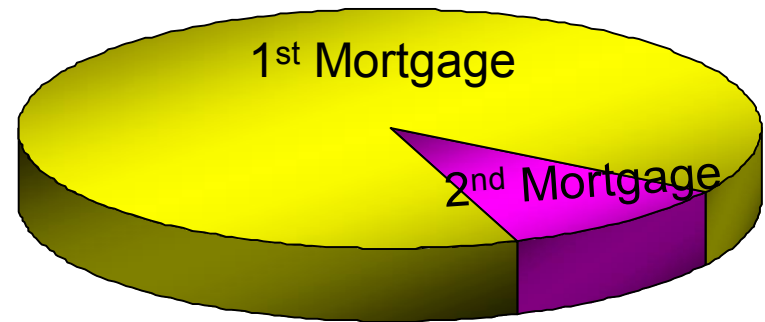
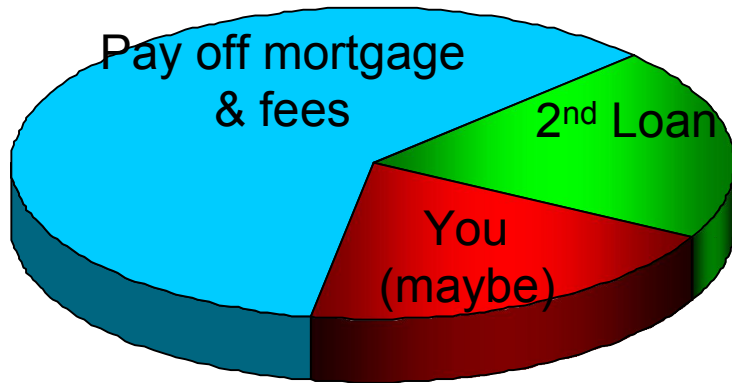
Things that can come back and bite you:



- Deficiency judgment by lenders after sale of your property
- Tax liability on forgiven amount
- Lost equity if you don't file for surplus funds
- Bankruptcy stays on credit for a long time
- Either bankruptcy or foreclosure can impact your employment

If your house goes to auction...

If there is some equity



If there is no equity or the loan is underwater

Summary

Depending on the number of missed payments you should:

1st Month Missed (0-30)

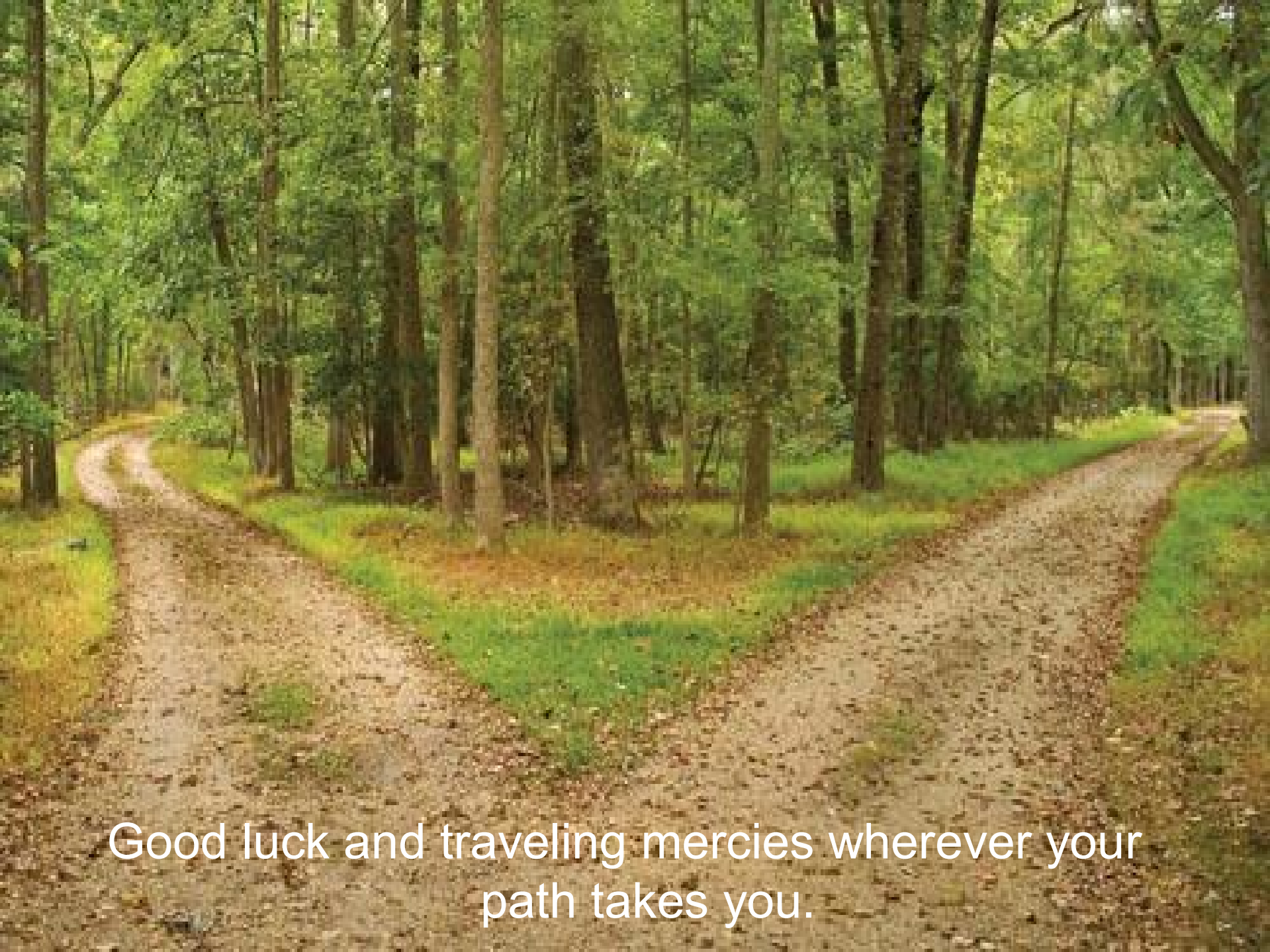
If you are one month behind:

- **Contact Lender**
- **Contact Housing Counselor**
- **Gather your docs**
(complete forms in resource guide)
- **Raise money/ Save Money**
- **Select objective**
 - Retain or lose the house
- **Negotiate with lender**
- **Read literature**

2nd Month Missed (0-60)

If you are two months behind,
continue steps from month 1 plus:

- **Revisit your budget**
- **Revisit objective**
 - Is keeping your house realistic?
- **Continue communication with your lender and/or housing counselor**



Good luck and traveling mercies wherever your path takes you.