

MORTGAGE MATTERS

Workshop by the Baltimore Homeownership Preservation Coalition

Sponsored by Baltimore Housing



BALTIMORE
HOMEOWNERSHIP
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COALITION



The Big Question

Are you really going to lose your house if you've missed some mortgage payments?

WE HOPE NOT!

But you need to *be serious* in addressing the issue and the worst thing you can do is nothing.

What is foreclosure?

Foreclosure occurs when property is sold to satisfy an unpaid debt, whether it is a home mortgage, property taxes, mechanics liens, condo fees, home repairs, or another debt.

When you bought your house, you made a deal with the mortgage company and by falling behind – **even though you may feel you have a good reason** – you have violated the terms of that deal.

So, how far behind are you?

0-30 days? 30-60 days? 90+ days?

Regardless of how behind you are, some things are necessary:

1. Contact Your Lender Immediately
2. Contact a Housing Counselor
3. Select a Realistic Objective (retain or lose the house)

How far behind are you?

If you are one month (0-30 days) behind:

1. Gather your docs
(complete forms in
resource guide)
2. Raise and/or save
money
3. Negotiate with lender
4. Read literature

If you are two months (30-60 days) behind, take steps for 0-30 days, plus:

1. Revisit your budget
2. Revisit objective (*Is
keeping your house
realistic?*)
3. Continue communication
with lender/housing
counselor

If you are more than three months behind, you should...

- Contact your lender immediately
- Contact a Housing Counselor immediately
- Be realistic!
 - Saving your home at this point may not be possible.

What are your Options?

- Bankruptcy
- Loan Work Out
- Refinancing
 - Make sure you can afford the new loan!
 - If you couldn't afford the initial loan, you will likely will not be able to afford the refinance.
- Foreclosure Sale

See handout for more info on these choices

Helping Yourself: 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.
- **SAVE MONEY & CUT BACK EXPENDITURES**

Suggestions for Saving Money and Enhancing Your Budget:

- Cancel cable
- Quit smoking
- Look into homesharing
- Take overtime
- Negotiate your student loans
- Find a second job
- Carpool
- Bike to work
- Reduce/eliminate phone bills
- Cut grocery bills

A Housing Counselor's Role in Helping Pursue a Workout

A Housing Counselor CAN:

- Engage the lender
- Help you budget and rein 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

A Housing Counselor CANNOT:

- Give you the money you need to pay your mortgage
- Decide what you “should” do
- Require your lender to change the terms of your loan
- Work with you if you are in active bankruptcy
- Give legal or tax advice

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

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

Help Yourself: Look out for Scams!

Beware of For-Profit “Rescuers” who...

- Ask the homeowner to surrender the property title
- Solicit you to refinance after the foreclosure has been filed (At this stage, refinance would offer only temporary relief, and lead to another foreclosure)

Beware of For-Profit “Rescuers”

(cont’d)

Watch out for groups that...

- Make false promises and charge fees that far exceed their services (such as **For-Profit Bankruptcy Counselors**)
- Advertise using the motto “**We Buy Houses**”
- Promise to erase bad credit for you (but generally cannot deliver), such as **Credit Repair Companies**

SCAMS: Beware of Illegal Fees!

- It is *illegal* for anyone to charge an up-front fee to provide loss mitigation/foreclosure prevention services
- Consumers who wish to file a complaint with the Commissioner of Financial Regulation may call 888-784-0136.

High Priority (Secured) vs. Low Priority (Unsecured) Debt

- **Secured Debt** means that the lender can take something from you if you don't pay up. Your mortgage and car payment are secured debt. (They can take your house or your car.)
- **Unsecured Debt** is not tied to any particular thing you own. Credit card bills and doctors' bills are unsecured debt.
- **Secured debt bills should be paid first – your credit will be affected if you fail to pay unsecured debts, but at least you will not lose your house!**

Without a professional helping you, some things may 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

Nonprofit Housing Counseling Agencies

- **Belair-Edison Neighborhoods**
410-485-8422
- **Druid Heights Community Development Corp.** 410-523-1350
- **Neighborhood Housing Services of Baltimore** 410-327-1200
- **St. Ambrose Housing Aid Center**
410-366-8550
- **Southeast Community Development Corp.** 410-342-3234
 - *Spanish & English available*



Mortgage Late? Don't Wait.



Thank you for your time and attention!