

# MORTGAGE MATTERS

A workshop by the **Baltimore Homeownership Preservation Coalition**





# MORTGAGE MATTERS

This presentation will help you understand the foreclosure process and housing counseling.

- About Foreclosure
  - Who is involved with your loan?
  - What are your options?
- About Housing Counseling
  - What can a housing counselor do?
  - What should **you** do to prepare?
- About Renters in Foreclosure
- Summary and Review of Handouts



# 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.

This could be a home mortgage, property taxes, past due water bill, condo fees, or any other debt secured by property.



# What does foreclosure mean for *you*?

- Affects your credit score – for 7 years
  - Will be difficult to purchase another home
  - Could be difficult to rent or buy a car
- Likely to result in deficiency judgment
  - *If* there is a difference between the amount of money you owe the bank, and the amount of money your home sold for



# Who is involved with your loan?

- Servicer/Mortgage Company
- 2<sup>nd</sup> Mortgage Servicer  
(if you have a 2<sup>nd</sup> mortgage)
- Mortgage Insurance Company
- Investor
- Homeowners' or Condo Association  
(if delinquent paying these fees)

# What are your options?

## If you **CAN** afford to keep your home...

- Repayment plan
- Forbearance
- Refinance
- Loan Modification

## If you **CANNOT** afford to keep your home...

- Short Sale
- Deed in lieu
- Foreclosure
- Bankruptcy

*But... these options will affect your credit!*



# Federal Making Home Affordable Program

- Home Affordable Modification Program (HAMP)
- 2<sup>nd</sup> Lien Modification Program (2MP)
- Home Affordable Refinance Program (HARP)
- Home Affordable Foreclosure Alternatives Program (HAFA)

Your housing counselor will help you understand these programs and your options.



# Maryland Foreclosure Mediation Program

- Allows homeowner to meet face-to-face with servicer representatives
  - Goal is to obtain loan workout
  - Decision made by neutral 3<sup>rd</sup> party
- If eligible, **you must request** participation
  - Open and read all mail
  - Submit forms by required date

Your housing counselor will help you understand the Mediation Program and your options.



# Help Yourself: Look out for Scams!

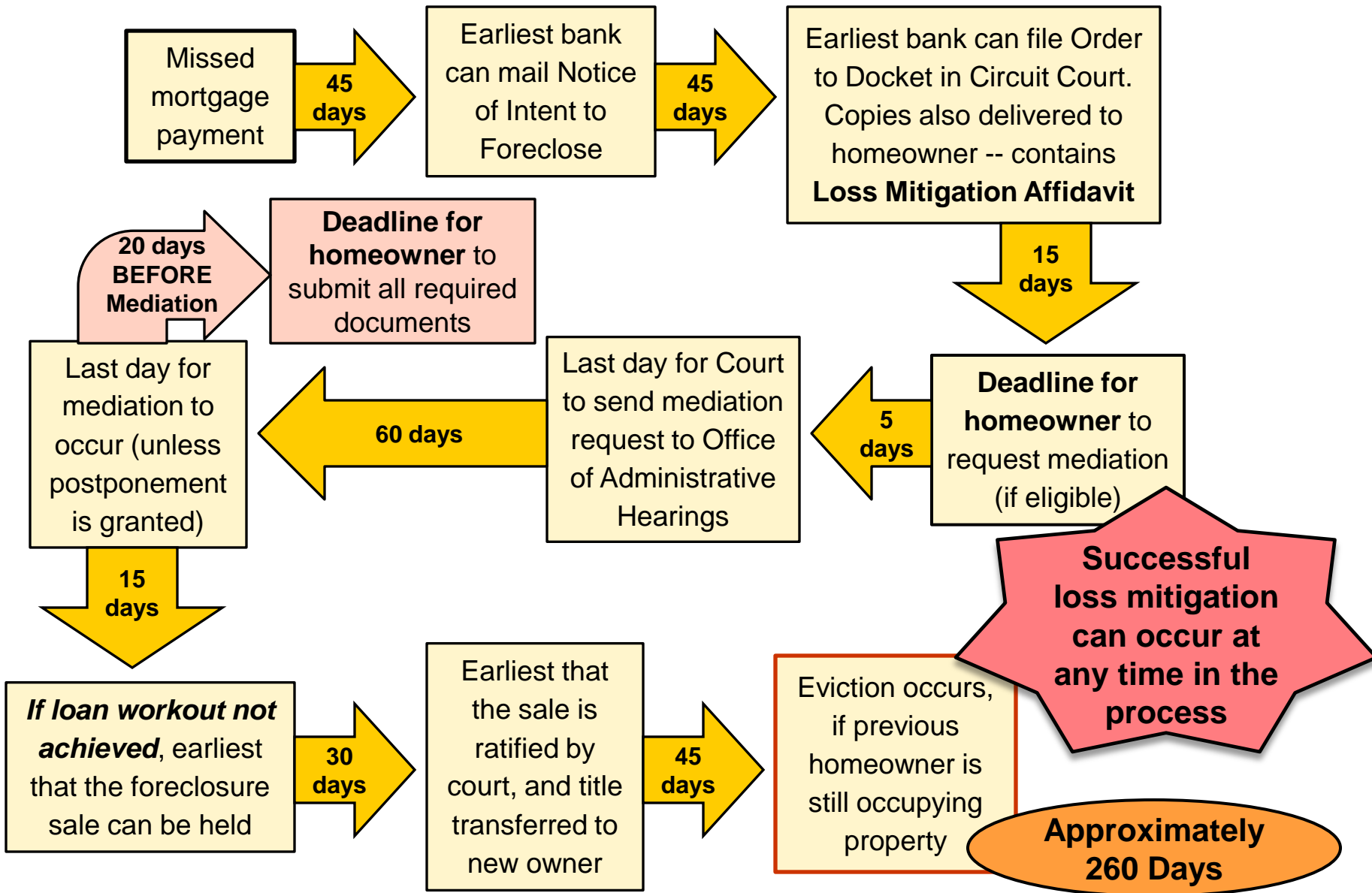
## Beware of For-Profit “Rescuers” or Counselors

- Maryland law **prohibits charging** an upfront fee for loss mitigation or foreclosure prevention assistance
- Be **cautious when signing** documents
- Be **wary of solicitations** for refinancing or signs on the side of the road (“We Buy Houses”)

*To report possible fraud, call the State Commissioner of Financial Regulation at 1-888-784-0136*

***Be forewarned, not foreclosed!***

# Foreclosure Timeline (Homeowners with Mediation)





# If you are experiencing a hardship...

- The **earlier you contact** your mortgage company and a housing counselor, the better
- Create a **budget** and talk to your loved ones about options
- Set **realistic goals** and know that your future dreams can be realized with or without your home



**DO NOT make  
commitments you  
cannot fulfill**

Some of the programs can only be offered once so it's important that you chose the one that meets your needs!



# What is a Housing Counselor?

- A housing counselor is a **trained professional** who provides guidance and education on a number of financial matters related to homebuying and homeownership.
- HUD- or state-certified housing counseling agencies are **not-for-profit**
- Find a nonprofit counselor who specializes in **foreclosure prevention assistance** by calling the Maryland HOPE hotline **1-877-462-7555**

[www.mdhope.org](http://www.mdhope.org)

[www.makinghomeaffordable.gov](http://www.makinghomeaffordable.gov)



# A Housing Counselor Can...

- **Review your budget** with you in an effort to learn about your situation and to help you set realistic goals
- **Help you understand** your mortgage and options available to reach a sustainable solution
- **Assist you in communicating** with your mortgage company



# 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
- Give legal or tax advice



# Preparing for counseling

**Unfortunately, due to the number of homeowners seeking assistance, a counselor may not be able to get back to you for a couple of weeks**

- Think deeply about **your wishes and abilities** to remain in the home
- **Gather important documents:** proof of income, bank statements, tax returns for the last 2 years, documents from the settlement when you got the mortgage
- **Write a hardship letter** that explains your situation in detail
- **Contact your mortgage company** to let them know of your hardship



# An Important First Step...

## Creating a budget

- Think about your **fixed** expenses vs. **flexible** expenses
- Think about **secured** debt vs. **unsecured** debt
- Reduce expenses while in crisis and **set realistic goals**



# Are you a renter? You have rights!

*If your landlord is facing foreclosure...*

- **Open all mail** addressed to “occupant” or “current resident,” especially if it is from a court, law firm, bank, or real estate agent.
- In most cases, you must **continue to pay rent** to your old landlord until the new owner takes title to the property.
- **Get legal assistance**, especially before accepting a “cash for keys” deal

*For more information, or to attend a special workshop on renters' rights in foreclosure, contact ...*

**Public Justice Center at (410) 625-9409**



# Summary and Review

- Foreclosure
  - Parties involved and timeline
  - Options and programs
  - Avoid scams!
- Housing Counseling
  - Counselor “Can’s” and “Cannot’s”
  - Preparing for counseling
- Renters’ rights in foreclosure

***Don’t wait until it’s too late... Contact a counselor NOW if you think you might be in trouble!***