

# MANSFIELD - RICHLAND COUNTY FAIR HOUSING



## Common Foreclosure Questions



## **Common Foreclosure Questions**

### **What should I do if I get behind in my mortgage payments?**

As soon as you know you won't be able to make your payment, **CALL YOUR LENDER** and ask for the Loss Mitigation Department. Be honest with them about your situation so they can help you choose the best option.

Loss Mitigation is the process by which the mortgage company will re-negotiate the terms of your loan. Your lender does not want to take your home. The average foreclosure costs the lender about \$400,000 so they should want to work with you. 50% of all foreclosures can be halted by contacting your lender's Loss Mitigation Department.

### **What workout options might be available to me?**

**As described in the HUD publication "How to Avoid Foreclosure":**

**Special Forbearance:** Your lender may be able to arrange a repayment plan based on your financial situation and may even provide for a temporary reduction or suspension of your payments. You may qualify for this if you have experienced a reduction in income or an increase in living expenses. You must furnish information to your lender to show that you will be able to meet the requirements of the new payment plan.

**Mortgage Modification:** You may be able to refinance the debt and/or extend the term of your mortgage loan. You may even qualify for a lower interest rate or reduced principal. This may help you catch up by reducing the monthly payments to a more affordable level. You may qualify if you have recovered from a financial problem and can afford the new payment amount.

**Partial Claim:** Your lender may be able to work with you to obtain a one-time payment from the FHA Insurance fund to bring your mortgage current.

**You may qualify if:**

1. Your loan is at least 3 months delinquent but no more than 12 months delinquent;
2. You are able to begin making full mortgage payments.

When your lender files a Partial Claim, the US Department of Housing and Urban Development will pay your lender the amount necessary to bring your mortgage current.

You must execute a Promissory Note, and a Lien will be placed on your property until the Promissory Note is paid in full.

The Promissory Note is interest-free and is due when you pay off the first mortgage or when you sell the property.

**Pre-foreclosure Sale:** You should first try to sell your home for as much as possible in order to satisfy the lender as well as your own economic interests. However, sometimes your home will not sell for enough money to accomplish both of these goals. A short sale allows you to avoid foreclosure by selling your property for an amount less than the amount necessary to pay off your mortgage loan.

**You may qualify if:**

1. The loan is at least 3 months delinquent;
2. You are able to sell your house within 3 to 5 months; and
3. The appraisal (that your lender will obtain) shows that the “as is” value of your home meets HUD program guidelines.

**Deed-in-lieu of foreclosure:** As a last resort, you may be able to voluntarily “give back” your property to the lender. This won’t save your house, but it is not as damaging to your credit rating.

**You may qualify if:**

1. You are in default and don’t qualify for any other options;
2. Your attempts at selling the house before foreclosure were unsuccessful; and
3. You don’t have another FHA mortgage in default.

**Who can help me negotiate with my lender?**

A HUD-approved non-profit housing counseling agency will first help you prepare a realistic budget so that you can decide whether you can afford to keep your home. They will know if community resources are available to help you. They also are experienced in communicating with lenders. They will determine where you are in the delinquency process and what work out options are available.

By visiting [www.hud.gov](http://www.hud.gov) or by calling 800-569-4287, you can find the nearest HUD-approved housing counseling agency.

**Should I consider refinancing?**

Being able to refinance your loan depends on several things. If you are already delinquent on your present mortgage, your credit rating will be adversely affected. This could prevent you from getting a new mortgage at a reasonable interest rate. In addition, you may not be able to afford the fees and points that most lenders charge, especially if you have little or no equity in your home. If you do want to refinance, shop around for the best rate and terms possible and beware of predatory lenders. Go to <http://www.dontborrowtrouble.com/> for information about predatory lending.

Call your lender right away to discuss alternatives to foreclosure. Keep in mind that you will have to pay the lender's legal expenses as well as your past due mortgage payments and penalties. Also, once your loan is in foreclosure, you will receive multiple communications from people who will tell you that they can help you keep your house. Be cautious. Most of the time, these self-proclaimed specialists charge a hefty fee for services that are worthless or that you can perform for yourself just by calling your lender's Loss Mitigation Department or by calling a HUD-approved housing counselor.

### **How long does a foreclosure take?**

The legal proceedings may take anywhere from 6 months to 1 year or more.

### **Where do I go to find help?**

- ♦ Catholic Charities at (419) 524-0733
- ♦ ESOP Non-Profit Organization at (419) 989-6349
- ♦ HUD at <http://www.hud.gov/> or 1-800-569-4287
- ♦ Other resources, listed by county, can be found at <http://www.tos.ohio.gov>

### **Can I retain my house after it goes to Sheriff's Sale?**

You may retain ownership of your home (and continue to live in it) up until the time that the confirmation of sale has been filed with the court.

### **When do I actually have to leave the house?**

You should be prepared to vacate the property once the foreclosure sale has been confirmed – usually 30 to 60 days after the foreclosure sale.

If you choose not to vacate the property, an eviction notice will be placed on your door informing you of the date you will be evicted by the Sheriff. Your personal belongings will be placed outside your home and eventually removed. If you have not made alternative living arrangements, a HUD-approved nonprofit housing counseling agency can refer you to community services in your area.

### **Where can I file a complaint if I believe I have been a victim of predatory lending?**

Complaints regarding predatory lending can be filed with the Ohio Attorney General's Office at 1-800-282-0515 or <http://www.ag.state.oh.us/>.