



Beware of Foreclosure Rescue Scams!

If you have fallen behind on your mortgage payments and your home is in foreclosure or default, be aware that you and your home may become targets for a certain type of scam known as “home equity theft” or “foreclosure rescue fraud.”

The perpetrators of these scams claim they can solve your debt problems and stop your foreclosure. They then use deceptive tactics to obtain ownership of your home for a fraction of its market value.

Never do business with anyone who calls you, mails you, or knocks on your door with offers to help fix your foreclosure or default, and never respond to advertisements or fliers making similar offers.

If you are having problems making your mortgage payments or are in default or foreclosure, contact your lender immediately. Lenders would almost always rather work out a new payment plan than actually go through the complex process of foreclosure.

If you are facing foreclosure, contact a certified housing counselor; you can find one in your area by calling the NYS Banking Department or HUD.

Housing counselors *can* help you, unlike scammers; they can give you advice on your options and resources, can help you find free legal services, and can help you negotiate better financing for your loan.

Funding for the Rockland Housing Action Coalition foreclosure prevention program is provided by:

- ◆ United States Department of Housing and Urban Development
- ◆ State of New York Mortgage Agency
- ◆ New York State Division of Housing and Community Renewal
- ◆ JP Morgan Chase Foundation
- ◆ Provident Bank Foundation
- ◆ Wells Fargo Foundation

The Rockland Housing Action Coalition has partnered with the following agencies:

- ◆ Legal Aid Society of Rockland
- ◆ Rockland County Office of Consumer Protection
- ◆ Rockland County District Attorney’s Office
- ◆ Rockland County Human Rights Commission

Since 1987 the Rockland Housing Action Coalition, Inc. (RHAC), a non-profit agency, has been developing affordable housing and providing financial counseling for Rockland and Orange County residents. We are a HUD approved housing counseling agency which provides pre- and post- financial/homeownership and foreclosure prevention counseling for approximately 1,000 residents each year.

For almost a decade, Rockland Housing Action Coalition’s Foreclosure program has successfully helped many homeowners, who were experiencing financial difficulties, become current on their mortgages. Our dedicated staff understands the difficult position homeowners experience when facing foreclosure, and use that expertise to advocate on their behalf.



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Foreclosure Prevention

A Quick Guide for Homeowners

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Tips for Avoiding Foreclosure

You're scared. You purchased a home a few years ago or refinanced to meet expenses, and you're afraid you won't be able to keep up with the payments.

You may be one of the millions of at-risk Americans with a subprime adjustable-rate mortgage (ARM) whose interest rates will reset to much higher percentages later this year, or you may be a prime borrower who took out a different type of nontraditional mortgage.



You may even be up-to-date on your conventional mortgage but worried about company layoffs and mounting expenses.

Read on: The odds for avoiding foreclosure are improving. There are new tools for refinancing, the government is promising solutions, and some lenders have voluntarily agreed to freeze interest rates on certain mortgages.

1. Do your homework.

The reason many homeowners end up in unaffordable loans is that they either did not understand the terms of their loans or were duped by predatory lenders. If you were uninformed when you got your mortgage, make sure that you don't repeat the mistake now. For basic advice about refinancing, consult the U.S. Department of Housing and Urban Development. Many states have also posted advice for distressed homeowners on their attorney general, banking department, or housing finance agency websites.

2. Call your lender while your head is still above water.

If your credit has already tanked, you will lose negotiating power. Also, new programs to head off foreclosure target people who don't yet have a credit problem.

3. Open all mail from the bank.

Some sub prime lenders are calling or writing ARM customers six or more months before a reset to offer assistance.

4. Expect the rescue to take time.

Many people are trying to resolve the problem with quick advice. You cannot get this resolved with one phone call. Help lines are jammed, it can take an eternity to reach the person servicing your loan, and it's impossible to know how many homeowners will actually hang on to their homes. Still, lenders are definitely more willing to work out plans. You just have to be prepared to be dogged in pursuing assistance from experts and options from your lender.

5. Locate a free housing counselor.

Go to the U.S. Department of Housing and Urban Development website—www.hud.gov to find HUD-certified counselors in your area.

6. Beware of rescue scams.

Don't go to places that advertise a fix on TV, the Internet, or telephone poles. And hang up on phony buyers who offer to cure your problem by buying your home and leasing it back to you until you can repurchase it.

7. Check to see if you're eligible for special assistance.

If you have an adjustable-rate mortgage and a good credit rating, the federal FHASecure program may be able to provide a refinance option with a fixed rate. If you're an active armed services member or have served within the past 90 days, the Service Members Civil Relief Act offers foreclosure protection.

8. Don't consider bankruptcy an easy way out.

Under current laws, bankruptcy can slow or halt foreclosure in some cases, but you need to seek legal advice from a trusted source before you proceed. Bankruptcy judges are not permitted to restructure debt owed on a mortgage covering a primary residence. Borrowers can file Chapter 13 bankruptcy, which will put a temporary hold on a foreclosure action. The problem is that in order to

sustain the Chapter 13 plan, a borrower in a high-cost mortgage has to be able to make payments in the mortgage going forward, and also to pay off a percentage of the arrears and other debts each month.

9. Meanwhile, try to keep your payments current.

Many people often make the mistake of paying off credit cards bills before making their monthly mortgage payment. Why? Credit card companies call them immediately when they miss a payment, and often use threatening tactics. Banks wait much longer to communicate, and use the mail. By the time borrowers get a letter from the bank notifying them they are late with payments, they already owe fees on tops of fees. Homeowners should put off the credit card companies and pay their mortgage payment first. If you don't pay the credit card bill, it might ruin your credit score, but a foreclosure will impact your credit score far more negatively— plus you won't have a place to live.

10. Tighten your belt.

Getting rid of luxuries like cable TV will give you credibility when you sit down to renegotiate. To bring money to the table, be willing to cash in assets such as jewelry or a car. Servicers want to see you make sacrifices. Show some effort. And be sure to draw up a detailed accounting of your expenses and assemble pay stubs, benefit statements, and tax returns. You will need these records when you talk to the lender.

11. Get familiar with various mortgage workouts.

A housing counselor can explain all the options available but the two most used plans are:

- A repayment plan is easier to get and will give you short-term breathing room. In this scenario, the lender tacks a portion of the amount past due onto successive monthly payments, possibly after demanding some of the past due amount up front.
- A loan modification is better: The lender lowers the interest rate and/or lengthens the amortization schedule. Often times this is the best solution. A housing counselor can help you explore this option.