

Foreclosure Prevention Handbook





*Let's check out
nymc.org*

Fact 1:
If you call
NYMC, a trained
counselor will
listen to you and
discuss your
options

Fact 2:
Reports show
you're 200%
more likely to
receive a loan
modification if
you work with a
counselor

**New York
Mortgage
Coalition
counselors
can help you
understand
what to do when
you are having
difficulty paying
your mortgage.**

**And this help
is free!**

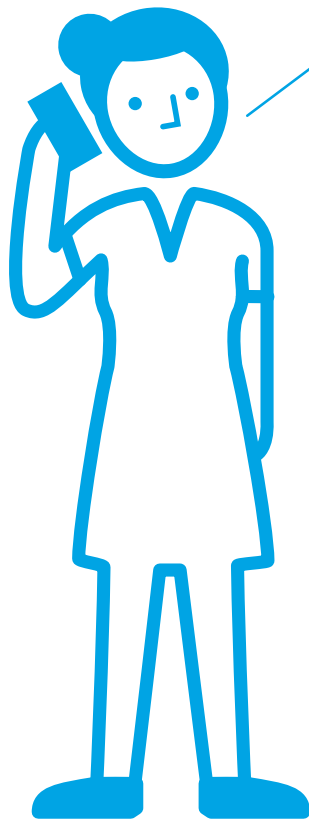
When should you seek help?

If you have a mortgage and think you might fall behind on your payments or you already have fallen behind because of a hardship such as a lost job, an illness, or an increase in mortgage payments, you should seek the help of a counselor.

Ask for help sooner rather than later. The sooner you ask for help, the more options you will have.

The further behind you get on your payments, the more difficult it could be to get yourself out of trouble.

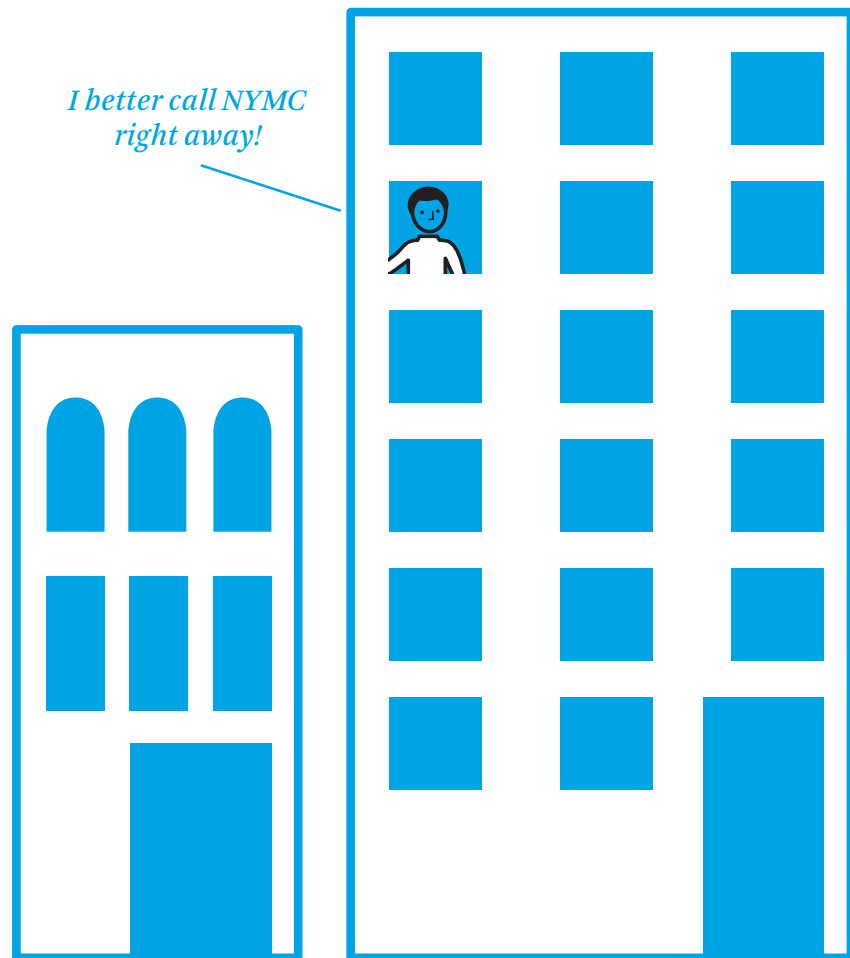
I'm not behind on my payments, but I just lost my job. I'm calling NYMC.



Co-op owners should seek help sooner than other homeowners.

If you own a co-op unit and are having difficulty paying your mortgage, you should seek help from a counselor right away.

Co-op foreclosures are not handled through the court like other types of foreclosures because co-op units are not real property. The co-op foreclosure process is much faster than other types of foreclosures and homeowners must address their situation very quickly.



What NYMC does...

New York Mortgage Coalition's counselors can be part of your team and can advise you on the best strategies for your future financial well-being.

Education and Outreach

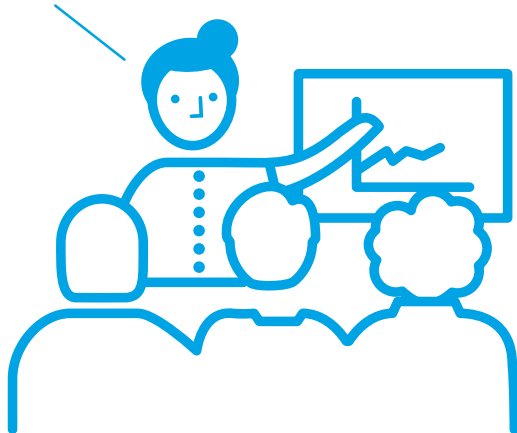
In our seminars you will learn about important topics like loan modifications, government programs and how to avoid scams.

One-on-one counseling

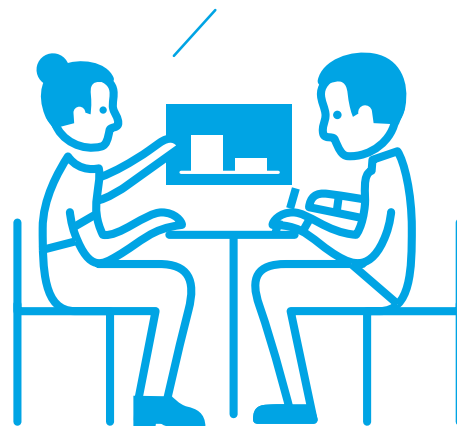
NYMC's experienced foreclosure prevention counselors help you by:

- Analyzing your personal credit and financial situation
- Helping you apply for a loan modification
- Negotiating with your Lender/ Loan Servicer
- Providing information about available programs

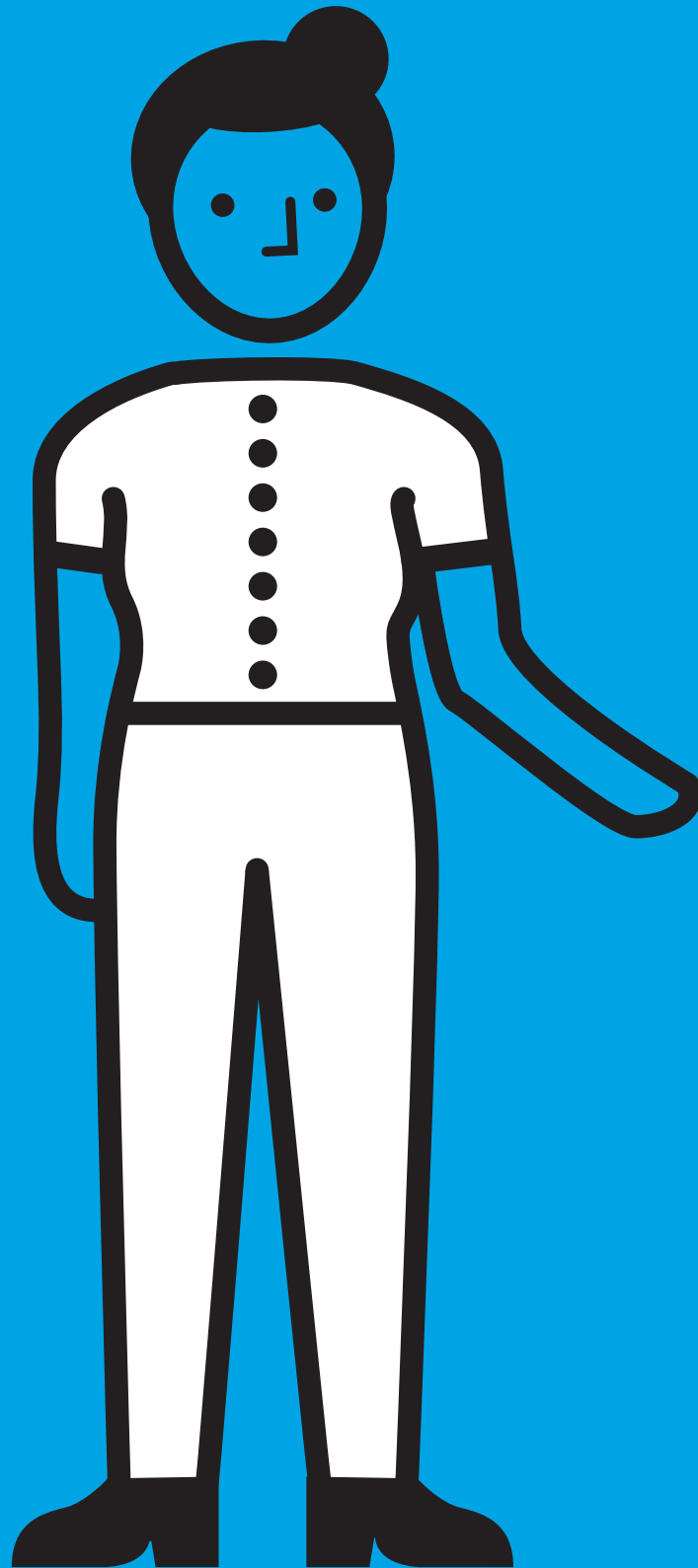
Let's talk about loan modification.



Let's take a look at your financial situation.



Here's what you need to know:



What are some of my options if I want to stay in my home?

Reinstatement: The easiest way to cure a delinquency is to pay the Loan Servicer what is owed. This includes missed payments, any late fees associated with these payments, and any other fees the Loan Servicer charges as a result of your delinquency.

Repayment Plan: This is a written agreement between you and the Loan Servicer to help you make up missed payments. These agreements generally require higher payments than the regular monthly mortgage amount for a short period of time, until the loan is brought up-to-date.

Modification: This involves changing one or more terms of a mortgage. Modifications can reduce the interest rate of the mortgage, change the mortgage product (from an adjustable rate to a fixed rate, for example), or extend the term of the mortgage.



Forbearance Agreement: The Loan Servicer allows you a period of time (usually 3 to 6 months) during which you make either lower payments or no payments at all. Later payments may have to be higher than the original monthly mortgage payments until the loan is up-to-date again.

Refinance: This isn't usually an option if you've had any late payments in the last 12 months. If you are current, however, this might be an option. Many banks have strict equity requirements so you should speak with your housing counselor about your specific case.

Bankruptcy: Bankruptcy may help you save your home from foreclosure if all other options have failed. You will need to consult a bankruptcy attorney. Legal advice is always recommended prior to filing.



What if I can't afford to or don't really want to keep my home?

Deed in Lieu of Foreclosure:

This option, which requires your Loan Servicer's permission, means you deed your home back to the Loan Servicer. This can save the Loan Servicer time and money. This is a Loan Servicer's last resort, and won't be considered unless the property has been on the market for some time with no acceptable offers.

Short Sale: In this case, you ask your Loan Servicer for permission to sell your house for less than the amount you owe. If the Loan Servicer agrees, a real estate agent can help you try to sell your home at its current market value. You save the Loan Servicer time and foreclosure expenses by finding someone who wants to buy your house. A real-estate attorney with short-sale experience should be part of your team during this negotiation.



What we can do:

Help you to avoid scams

Help you understand each phase of the preforeclosure and foreclosure process, including the court settlement conference mandated by law

We can help you.



Help you understand your situation and the options available to you

Negotiate with your Lender/Loan Servicer and with your permission, submit a request to your Loan Servicer and/or other housing industry professional regarding your mortgage and foreclosure

Help you track changes to your file and maintain contact with your Lender/Loan Servicer

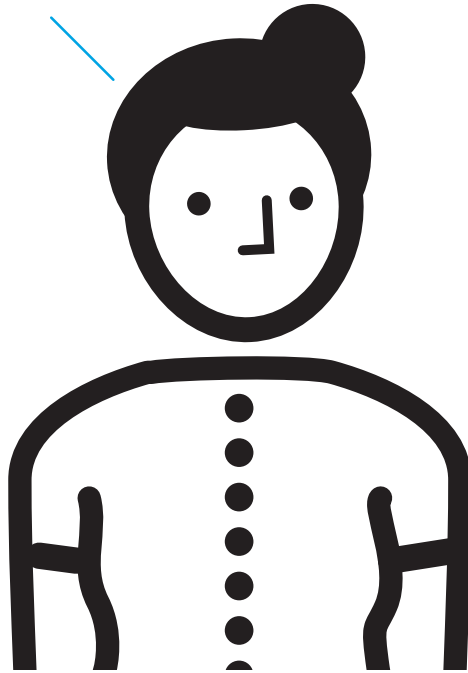
Consider other alternatives if you are unable to modify your mortgage

Provide referrals for legal and tax assistance

Develop a budget to help you prioritize your debts and spending

What we cannot do:

Just remember that coming in as soon as you are experiencing difficulties makes it easier for us to work on your behalf...



Give you the money you need to pay your mortgage

Guarantee any results

Decide what you "should" do

... but there are limitations to what we can do to help.

Compel anyone to change the terms of your loan or take any other requested action

Give legal or tax advice



What to look out for

If you fall behind on your mortgage payments, you will start to receive notices from your bank.

Be sure to collect and open all of your mail.

90 Day Preforeclosure Notice

A letter from your bank notifying you that you have at least 90 days before your Loan Servicer commences legal actions and issues you a Summons and Complaint.

Acceleration Letter

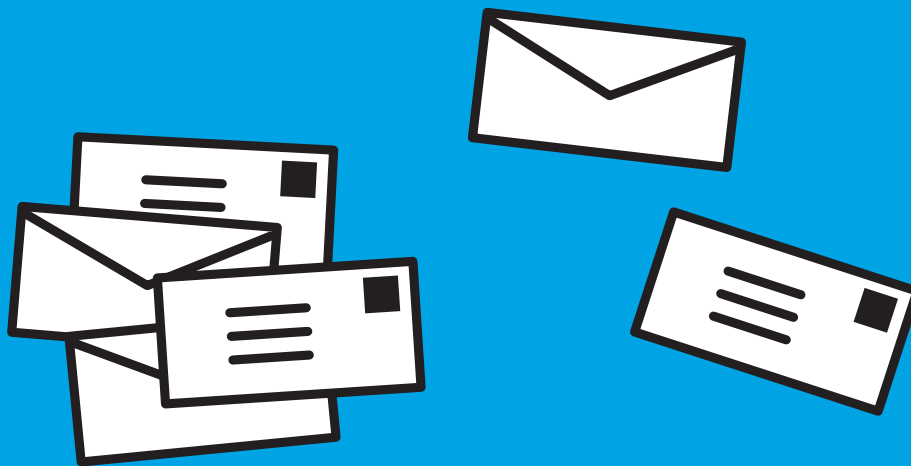
A letter from your bank that will notify you that your entire loan amount is now due—not just the back payments.

Summons and Complaint

When your bank initiates a foreclosure case, you are served a Summons and Complaint.

You have the right to answer the Complaint you were served.

If you do not file an answer to the Complaint, the judge may enter a default judgment against you. You may no longer receive notices from the court and your house may go to auction without your knowledge.



Avoid scams

- Maintain contact with your Loan Servicer
- Speak to a trusted professional. New York Mortgage Coalition counseling agencies are HUD approved, and their counselors are certified professionals
- Beware of upfront fees
- Do not make mortgage payments to anyone other than your mortgage company
- Beware of people who ask you to transfer your deed or title to them
- Beware of companies that guarantee success. No one can promise you a modification



Create a crisis budget

If you find yourself in financial crisis, you'll likely need to create a crisis budget.

This is a budget that focuses only on spending that is essential to maintain a healthy environment for you and your family.

- Food
- Housing
- Medical Needs
- Transportation

While most families have numerous expenses outside of these essentials, crisis budgeting focuses first on providing for the basic needs.

Expenses like cable, internet, eating out, and other nonessential spending may need to be eliminated.



Collect and document

This page is a checklist.
Use it to keep track of the
documents you have,
and those you still need.

You will need the following:

- Pay stubs or other proof of income
- Information about your first mortgage
- Information about any second mortgage or home equity line of credit on the house
- Account balances and minimum monthly payments due on all your credit cards
- Account balances and monthly payments on all other debts
- Your most recent income tax return
- Information about your savings and other assets
- A hardship letter describing why you are having trouble paying your mortgage

*So I've gathered
together all the
documentation
I think I need.*



*Great, let's
take a look at what
you have.*



Glossary

Answer: Borrower's response to the Loan Servicer's Complaint. It includes defenses to the Foreclosure, and any Counterclaims. Can be submitted pro se (without an attorney), or through the Borrower's attorney.

Arrears: The total amount the Borrower owes the Lender, including missed payments, additional fees, and late charges.

Auction: A public sale of foreclosed properties.

Complaint: Written notice from the Lender to the Borrower that a foreclosure lawsuit has been filed, including the grounds for foreclosure.

Counterclaims: The Borrower may include Counterclaims in his/her Answer to the Complaint, alleging violations of law on the Lender's part which reduce the amount owed.

Default: Failure to Answer the Complaint results in Default—which means that the Lender automatically prevails in the foreclosure case. No further notices need to be served to the Borrower as the case proceeds.

Deficiency: A shortfall between the amount raised by selling a foreclosed property at Auction, and the amounts owed to the Lender and any other lien holders. If sale proceeds don't cover amounts owed, the shortfall is called a Deficiency.



Glossary

Delinquent: A Borrower is Delinquent when he/she has fallen behind on payments (usually by 2–3 months), but has not yet Defaulted.

Foreclosure: When a Lender forces the sale of a property to collect on a mortgage loan.

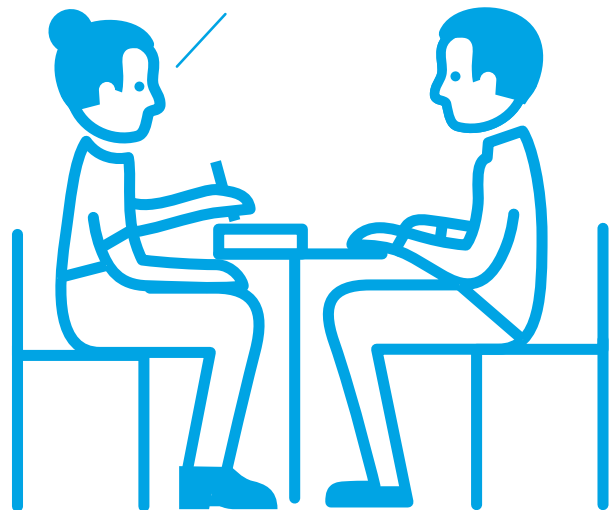
Judgment of Foreclosure and Sale: A judge's legal order confirming the total amount the Borrower owes to the Lender, and granting the Lender the right to sell the property.

Loan Servicer: The financial institution that manages your loan and collects your loan payments. Your Loan Servicer may be your original lender, or your loan may be serviced by another entity.

Settlement: A negotiated agreement between Lender and Borrower that resolves a foreclosure case out of court.

Summons: A legal document, filed and served by the Plaintiff (Loan Servicer) along with the Complaint, compelling the Defendant (Borrower) to Answer the Complaint within a specified time or appear in court on a specified date.

Let's find the best solution for you.



Contact NYMC if you are in need of assistance.



Created in conjunction with:



This handbook supported by:



Funded by Leveraging Investments in Creativity (LINC), which receives support from the Ford Foundation.

Contact NYMC or these neighborhood-based members:

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Chinese, Korean and Spanish Language Access

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New York, NY 10039
212 281-4887
hcci.org
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Dutchess, North Bronx, Orange, Putnam, Rockland, & Westchester

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Tarrytown, NY 10591
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Spanish Language Access

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Neighbors Helping Neighbors
An affiliate of Fifth Avenue Committee
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Brooklyn, NY 11217
718-237-2017
www.fifthave.org

AAFE Community Development Fund
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718 686-8223
AAFECD.org
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Brooklyn (South & Central)

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prattarea.org

Brooklyn (North & East)

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cypresshills.org
Spanish Language Access

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