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Secrets to saving your home

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By Tri-State Defender Newsroom

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Secrets to saving your home



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More than 1.7 million foreclosures were prevented in the first 10 months of 2008, up from 1.5 million in all of 2007, according to HOPE NOW, a private sector alliance working for homeownership preservation.

Here are two questions on the minds of many Memphis homeowners: How do I become one of them? Is there anything I can do to increase my chances for success?

Freddie Mac and Fannie Mae recently directed loan servicing organizations (the companies that accept and process monthly mortgage payments) to suspend foreclosure sales on occupied single-family properties. They also suspended the completion of evictions from occupied single-family properties scheduled to occur from Nov. 26, 2008 until Jan. 9, 2009.

Several mortgage companies have announced similar plans. This temporary suspension of foreclosures is designed to allow affected borrowers facing foreclosure to retain their homes while Fannie Mae and Freddie Mac work with mortgage servicers to implement the streamlined modification program scheduled to launch Dec. 15.

The numbers of people in this late stage of foreclosure are actually small, so most homeowners in the pipeline won't be affected. These homeowners need to take actions that can greatly increase their chances of keeping their homes.

Where Can I find free or low-cost help?

Community Development Council of Greater Memphis
1548 Poplar Ave.
Memphis, TN 38104
901-725-3124

Memphis Area Legal Services
109 N. Main, Suite 200
Claridge House Building
Memphis, TN 38103
901 523-8822

Memphis Fair Housing Intake Center
901-432-4663

So, what can you do?

The Tri-State Defender put that question to some local and national experts. Among them was Sapna Raj, managing attorney at the Memphis Fair Housing Centers. From their counsel, it's clear that smart homeowners:

1. **Get Help Even Before They Fall Behind:** Any homeowner who has refinanced or taken out a home loan in the last five years should take their mortgage documents to a certified housing counselor to determine if they have a predatory loan or an interest rate that resets twice a year, Raj. If you have a predatory loan, you may be able to renegotiate new terms with the lender. Don't wait until legal notices start to show up in the mail. Get an expert to read your documents and determine your level of risk. Free counseling is available at Memphis Area Legal Services, which has received a \$450,000 grant from the Tennessee Housing Development Agency and Seedco, a New York-based national community development intermediary, to help financially-strapped homeowners. Call 901-523-8822 to schedule an appointment.

2. **Contact their Lenders Early:** The further behind you become, the harder it will be to reinstate your loan and the more likely that you will lose your house. Call your mortgage company the minute you realize you won't be able to mail in a full mortgage payment. Many homeowners are embarrassed about their financial problems and afraid to call the mortgage lender or company that is servicing their loan.

This step is extremely important. Homeowners who secure workout agreements are the ones who have established contact with lenders.

3. Put together a team that works for them: Find a HUD-certified mortgage foreclosure specialist to assist you. In some cases, people with predatory loan terms may be able to reduce their monthly mortgage payment, Raj said. But you must be cautious in selecting a counselor. Memphis Area Legal Services recently filed nine lawsuits against mortgage rescue firms alleging they had charged homeowners fees to help with foreclosure and then failed to deliver on their promises. The U.S. Department of Housing and Urban Development advises homeowners to be wary of all firms that contact them with offers to fix the foreclosure problem or make it go away. "Many for-profit companies will contact you promising to negotiate a loan work out with your lender. While these may be legitimate businesses, they will charge you a hefty fee (often two or three month's mortgage payment) for information and services your lender or a HUD approved housing counselor will provide for free if you contact them. You don't need to pay fees for foreclosure prevention help. Use that money to pay the mortgage instead," HUD cautions homeowners in its new tip sheet. To find out more about HUD-approved housing counseling agencies and their services, please visit www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm or call toll free (800) 569-4287 on weekdays between 8 a.m. and 4 p.m.

4. Develop a budget and forgo extras such as holiday gifts: Pay your mortgage first and utilities second. Contact your credit card companies to see if you can get them to reduce the amount you owe or change terms. Free credit counseling services may also be available to financially strapped homeowners, Raj said. Families in danger of losing their homes must develop monthly budgets and stick to them. If you are afraid you can't resist the urge to go out and splurge on holiday gifts, have a money order or cashier's check made out to your lender as soon as you have the money. Keep it in a safety deposit box or in some other secure place until its time to put it in the mail.

5. Get a new job or a second job. It is extremely difficult to qualify for special help or programs that your lender might offer if you are unemployed. So try to find a job – even if it is seasonal or part-time. Is there a member of your household who might be able to pitch in by getting a part-time job? This may help you meet the requirements for loan reinstatement.

6. Understand the full range of foreclosure prevention options: You are going to hear many terms that you may not understand, such as forbearance agreement, loan restructure, short sale and loan modification. The more you know about these terms and the process, the less vulnerable you are to scams. Visit www.fha.gov and learn about the process.

7. Use their assets and raise extra cash: Many homeowners have assets or items of value that can be sold for cash. Have a garage sale and sell old clothes, artwork or toys. Find a consignment shop to sell valuable furs, watches, electronic equipment or jewelry. Check to see if you have a whole life insurance policy you would sell to reinstate your loan. Sell your second car. Even if these efforts don't significantly increase your available cash or your income, they demonstrate to your lender that you are willing to make sacrifices to keep your home. You might also check to see if you are eligible for the earned income tax credit or help from your church or local charity.

8. Avoid foreclosure recovery scams: If a company claims the power to stop your foreclosure immediately if you sign a document appointing it to act on your behalf, don't sign it. Take that document immediately to a lawyer. You may be signing over the title to your property and becoming a renter in your own home, Raj cautions. Never sign a legal document without reading and understanding all the terms and getting professional advice from an attorney, a HUD approved housing counselor or trusted real estate professional. Raj says foreclosure recovery scams have been reported in Memphis, and her office is preparing legal action against one company.

9. They keep trying and they don't give up: Many of the major mortgage companies are facing their own financial troubles. There is confusion and sometimes poor internal communication. If you call your lender and a loss mitigation specialist says you don't qualify, call back again the next day, Raj says. Some clients who were initially denied workout agreements by mortgage companies were approved after they called back and contacted a different loss mitigation specialist. Don't give up.

10. Take care of their health: Foreclosure is an extremely stressful process so take care of your health. Get eight hours sleep a night if possible. Take time to exercise. Health problems can add huge expenses to your monthly budget.

Mortgage Lender Directory

Company	Phone Number	Website/Email
Acqura Loan Services	866-660-5804	www.acqura.net
American Home Mortgage Servicing, Inc.	877-374-3100	optiononeonline.com
Aurora Loan Services	800-550-0509	myauroraloan.com
Bank Of America	800-846-2222	bankofamerica.com
Carrington Mortgage Services, LLC	800-790-9502	myloan.carringtonms.com
Citi Mortgage/Citi Residential	866-915-9417	mortgagehelp@citi.com officeofhope@citi rl.com
Countrywide Home Loans	800-669-6650	countrywide.com
EMC Mortgage / Bear Stearns	877-362-6631	emcmortgageservicing.com
First Horizon Home Loans	800-364-7662	firsthorizon.com
GMAC / Homecomings	800-799-9250	homecomings.com gmacmortgage.com
Home Loan Services, Inc. (d/b/a First Franklin Loan Services & NationPoint Loan Services)	800-500-5022	viewmyloan.com nationpoint.com
HomeEq Servicing	877-867-7378	www.homeq.com
HSBC Consumer Lending	800-333-5848	www.beneficial.com www.hfc.com
HSBC Mortgage Services	800-365-6730	hsbcmortgageservices.com
HSBC Mortgage Corporation	888-648-3124	www.us.hsbc.com
IndyMac Federal Bank	866-355-7273	www.imb.com
JP Morgan Chase Prime Loans	800-446-8939	www.chase.com
JP Morgan Chase Non Prime	877-838-1882	N/A
JP Morgan Chase Home Equity	866-582-5208	N/A
Land America Lender Services	800-909-9525p & 800-274-6600	customersupport@myloancare.com
Litton Loan Servicing	800-999-8501	www.littonloan.com
National City Mortgage Company	800-523-8654	nationalcitymortgage.com
Nationstar Mortgage LLC	888-480-2432	customer.service@nationstarmall.com
Ocwen Loan Servicing, LLC	877-596-8580	ocwencustomers.com
Saxon Mortgage / Morgan Stanley	888-325-3502	www.saxononline.com
Select Portfolio Servicing, Inc.	800-258-8602	www.spservicing.com
SunTrust Mortgage	800-443-1032	www.suntrustmortgage.com
Washington Mutual	866-926-8937	www.wamu.com
Wells Fargo Home Mortgage	866-488-2028	www.wellsfargo.com
Wells Fargo Financial	800-275-9254	financial.wellsfargo.com
Wilshire Credit Corp. / Merrill Lynch	888-917-1050	www.wcc.mi.com

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