

**Mortgage Matters!**

**1-302-654-5024 x 103**  
**1-877-825-0750 x 103**  
**Carlos Herrera**

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Your Lender's telephone number is \_\_\_\_\_

Your housing counselor's telephone number is \_\_\_\_\_

The Attorney General's Hotline is  
800-220-5424

DCRAC can be reached at  
302-654-5024 x 103 or  
877-825-0750 x 103



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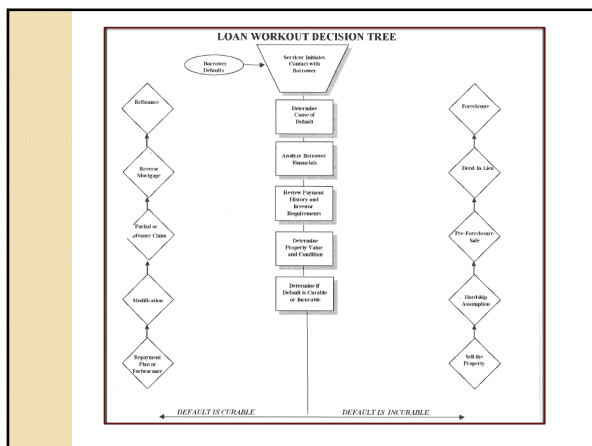
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**Can you keep your home?**

Slides on pages 3 to 8

**Cannot keep your home?**

Slides on pages 9 to 10

**Answer depends upon**

1. What happened?
2. What has changed to fix the problem?
3. What is your current financial situation?

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**RESCUE SCAMS**



**Phantom Help Scams**  
help never comes

**False Bailouts**  
Buy back becomes impossible.

**Bait-And-Switch**  
You think this loan brings you current with your mortgage.

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**KEEPING YOUR HOME**

**(Curable)?**

What was your mortgage before default?

How much can you pay per month?

How many months behind are you?

What happened? (Hardship)

How much money did you save?

What has changed? (Hardship resolved)



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Contact HUD Certified Housing Counselors.

Keep Current on Payments. If payments rejected--  
open and deposit in a separate account.

Seek financial help.

DEMAP

Others???

Increase income/decrease expenses

Negotiate with the Lender.

Modify/Refinance your loan.

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**What to expect?**

Lender may reduce the interest rate

Lender may extend the life of the loan  
•From 20 years left to another 40  
years

Lender may add all unpaid balance to  
the existing mortgage

Lender may offer a trial modification  
•Keep up on it



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Unemployed/Downsized?  
 Get Unemployment Insurance  
 Citi has a program for unemployed  
 \$500/month for 3 months.

Call AND Talk to your lender

Read the news  
 There is talk of help  
 To unemployed homeowners

Accelerate your job search

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Tap other sources/increase income

IRA/401K/other sources?  
 • Don't forget about tax consequences

Thought about a boarder?

A second job?

DEMAP?

Rent from the child who has moved home?

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**READY? Organize**

**YOUR PAYSTUBS,  
 BANK  
 STATEMENTS, ETC.  
 WERE NEEDED  
 YESTERDAY—NOT  
 TOMORROW.**

**THEY WILL BE  
 NEEDED AGAIN IF  
 NO ONE GOT  
 YOUR FILE.**

**BUDGETING YET?  
 CUT BACKS?**

**SERIOUS ABOUT  
 SAVING YOUR  
 HOME?**

**SO SERIOUS THAT  
 NO CABLE,  
 NO EATING OUT,  
 DOWN TO ONE CAR,  
 ETC.?**

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**Golden Rules to stretch that dollar**

Plan every expense.

Bargain for everything.

Stop borrowing.

Get rid of your poor buying habits.

Get rid of your champagne tastes—go on that beer budget RIGHT NOW

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**Saving Tips**

Reduce property taxes –62 + OR Disabled--  
Contact your County Govt.

Reduce electric bill. Contact utility company.

Reduce food budget. Pack lunches. Food stamps.  
[www.angelfoodministries.org](http://www.angelfoodministries.org)

Reduce auto expenses. Car pool. Sell car. Public transportation. Cash for clunkers. Refinance.

Zero entertainment budget.

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**FORECLOSURE TIME LINE**

- 1. MISS 3-4 PAYMENTS**
- 2. COMPLAINT IS FILED AND SERVED**
- 3. JUDGMENT IS ENTERED**
- 4. SHERIFF SALE IN ABOUT 3-4 MONTHS FROM JUDGMENT**



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DO NOT PANIC.

THE ONLY ENTITY YOU PAY IS YOUR LENDER.

WORK WITH HOUSING COUNSELOR AND LENDER.

THE PROCESS TAKES TIME.

STAY POSSIBLE EVEN ON MORNING OF THE SHERIFF SALE.

**COOPERATE ...BE HONEST...BE PATIENT...BE NICE**

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**Reinstatement**  
Pay the total amount past due including fees and costs to get your Mortgage caught up immediately.

**Repayment**  
Repay part of the delinquency each month AND pay your regular monthly mortgage.

**Forbearance**  
Temporary delay/ reduction in payments while a more permanent option is explored.

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**Partial Claim (for FHA Loans only)**

- ✓ 4-12 months delinquent
- ✓ Now able to make regular payments
- ✓ Hardship is resolved
- ✓ Cannot repay past due amount
- ✓ The property is primary residence
- ✓ Filed Bankruptcy?
  - ✓ May qualify if Bankruptcy Court approves

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**Reverse Mortgages—Rising Debt, Falling Equity**

Mobile homes that sit on rented lots do not qualify for Reverse Mortgages or for DEMAP program.

Reverse mortgages are loans secured by the home that do not need to be repaid **until the borrower dies, sells the home or moves out permanently.**

Homeowners must be 62 or older.

There must be equity in the home.

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**Chapter 13 Bankruptcy**

Get credit counseling AND have a steady income.

Filing Bankruptcy automatically stops foreclosure.

BUT...

**You must tell the court how you will  
Repay the amount you fell behind  
AND  
Pay your regular mortgage**

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**Cancellation of Debt and the IRS**

With your returns, file Form 982 (specifically lines 1e, 2 and 10b).

If debt reduced/eliminated you get Form 1099-C.

**CHECK Form 1099-C carefully.** Notify lender if any of the information shown is incorrect. Pay particular attention to the amount of debt forgiven (Box 2) and the value listed for their home (Box 7).

Inform IRS and your lender of new address

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Now that you have saved your home, You must work harder to get your finances under control.

[www.delawaremoneyschool.com](http://www.delawaremoneyschool.com) offers free financial education at a location near you.

Your credit score has taken a hard hit. Fix it.

What will you do when your rate resets once your temporary modification ends in 3-5 years?

Until you have your finances in control, you will never be in control.

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**Resources**

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

1-800-220-5424

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

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

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

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**So, you cannot save your home (Incurable)**

**Short Sale:** Lender buys for less than owed.

**Deed-in-lieu of Foreclosure:** Give title to lender without going through Sheriff sale

**Pre-Foreclosure Sale:** Lender allows you to sell the home and stays foreclosure.

**Sheriff Sale:** Home is sold in Sheriff Sale

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You are giving up the collateral (your home).

By voluntarily doing so, you are saving the lender costs associated with resolving the issue—attorney and court costs.

You want to negotiate with the lender so that no deficiency judgment is filed against you.

Don't forget, a 1099 C could be issued and there could be tax consequences of debt forgiveness.

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**Surplus/Deficiency**

Original owner entitled to surplus.

**Project Rightful Owner.**

If court grants deficiency judgment against you, then you pay the amount of the judgment to the lender even though you don't own the home any more.

This is what you want to negotiate if you are considering giving up your home.

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**Lost Your home?**

Prepare to move out.

LENDER needs a **writ of possession** from the Superior Court to evict you. The writ is served by the Sheriff.

A buyer (other than lender) must file a **claim for ejectment** (only after the deed is transferred to the buyer) in the Superior Court to evict you.

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**The Protecting Tenants in Foreclosure Act,**  
became effective May 20, 2009.

New owners of residential property through the foreclosure process cannot evict tenants immediately.

At a minimum, tenants must receive 90 days' notice prior to eviction.

Very limited exceptions.

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**Life after a personal economic depression**

A crisis is a terrible thing to waste. Transform your sense of scarcity into a foundation of personal power. Don't be consumed by fear and uncertainty. Don't isolate yourself. True there are stigmas attached with financial losses. Get a carefree attitude. Act as if you lost one job. Live on 1 paycheck. Grow your own food. Become an environmentalist. Know the difference between need and want. Rebuild your financial life on a new reality. A crisis is indeed a terrible thing to waste.

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