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This information was provided by Columbus Housing Partnership, a national leader in the provision of free HUD-certified housing education programs and counseling.®



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WHAT YOU NEED TO KNOW WHEN YOU CAN'T MAKE YOUR MORTGAGE PAYMENT



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I CAN'T MAKE MY MORTGAGE PAYMENT!!

WHAT HAPPENS NOW?

The first thing you should do when you are unable to make your mortgage payment is to call the lender to let them know what the problem is and what you are doing to correct it.

BETWEEN 30 TO 90 DAYS PAST DUE

If you are between **30 to 90 days past due**, the lender may offer you the opportunity to catch up by making a payment and a half until you are current again. Only agree to this if you truly believe you can pay what you are promising. Once you break a promise with a lender, it is much harder to get them to work with you. During this time period, you will likely be talking with the lender's Collections Department. If the representative you speak with is rude or unhelpful, you may ask to speak with a supervisor.

It is important for you to look honestly at what has caused you to fall behind. If it is a temporary situation, such as loss of employment, you will likely be able to come to an agreement with the lender to catch up your arrearage once you are back to work.

The lender does not want your house. The lender wants your house payment.

If you have fallen behind for reasons that are unlikely to change any time soon (such as death of a wage earner, disability, etc.), it is important for you to evaluate whether you can make the house payment, even if you were able to catch up the arrearage. If the house payment is going to be an ongoing financial stress, it may be time to consider selling.

Prioritizing your bills is another important action you can take. If you have money to pay some bills, but not all, look carefully at your priorities. For many families, the house payment, car payment, utilities, food, and medicine are priorities. Make your priority list and stick to it.

Call for an appointment with a MORPC housing counselor if you want help reviewing your budget.



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Usually the lender will work with you during the first and second month of delinquency. Once you have missed the third payment, the lender may refuse to take less than the total amount that is due. If you send them a check for one payment, they will probably send it back to you.

90 DAYS OR MORE PAST DUE

If you are **more than 90 days past due**, the lender may consider other options. On the second day of the fourth month, a delinquent loan is usually sent to the lender's Loss Mitigation Department (also sometimes called the Foreclosure Prevention Department) where the lender will determine if there is a repayment option that might work for you.

During this time, the lender is likely to send you a **work out packet** requesting current financial information from you. If the lender does not automatically send you a packet, you may call the lender and request one be sent to you. The lender cannot offer you a workout arrangement without updated financial information from you, including your income and expenses and other debts. I

If you qualify, the following options may be available to you. Your lender will be able to tell you if you qualify.

FORBEARANCE AGREEMENT

A written repayment plan based upon your current financial situation. This plan may allow you to make a payment and a partial payment for several months until you catch up. Occasionally a lender will temporarily suspend payments for a month or two.

MORTGAGE MODIFICATION

The lender may extend the loan back out over a new 30-year period and/or reduce the interest rate to reduce your monthly payment. This will work best if you have had the loan for several years.

PARTIAL CLAIM

If you have an FHA loan, HUD may consider lending you the money to catch up the arrearage with an interest-free loan. You will pay back this loan when you sell the property or pay off your first mortgage. You will sign a new Promissory Note and another lien will be placed on your property.

For all of the above options, your financial situation must be such that you can make the mortgage payment set forth in the new agreement.

PRE-FORECLOSURE SALE

You may be permitted to sell the property for less than the mortgage balance. This will be less damaging to your credit than foreclosure. You must sell the home in the time frame agreed upon by your lender.

**Call for an appointment with a MORPC housing counselor if you want help reviewing your options with your lender.
614-233-4177**

DEED-IN-LIEU OF FORECLOSURE

As a last resort, you may give the house back to the lender. This is better for your credit than foreclosure.

If you do not qualify for one of the above forbearance agreements, the Loss Mitigation Department may initiate foreclosure proceedings. The loan will be sent to the lender's attorney. At that point, you become responsible for paying the lender's attorney fees in addition to the delinquent payments and late charges. The lender's attorney will file the foreclosure complaint at the courthouse. You will receive a copy of the complaint from the court and notice that you must respond by answering the complaint within 28 days. **At this point, consulting with an attorney is advisable.**

If you do not respond by filing an answer to the complaint with the court, the court will assume you have no defense to the complaint and will issue a judgment against you. A judgment against you allows the lender to sell your house at a sheriff's sale. After the judgment is issued, the sheriff's department receives the order of sale and orders an appraisal. It takes approximately three months before the actual sale of the home. Every Tuesday for the five weeks

preceding the sale, the property is listed with the sale date in the major local newspaper. If you can come up with the cash to pay your arrearage, the sale may be stopped.

If the house is sold at sheriff's auction, it will likely be sold for far less than it is worth.

THINGS TO WATCH OUT FOR:

After the judgment becomes public knowledge, you may be contacted by bankruptcy attorneys encouraging you to file bankruptcy. This may be a viable option for you, but you want to be sure you understand what that means for you.

There are companies that "specialize" in preventing foreclosure. They charge high fees and some of them do nothing for you. Be careful if anyone suggests that you sign over a quitclaim deed to them or that you give them post-dated checks for future payments. Post-dating checks is illegal. Always check with the Better Business Bureau before giving anyone money to help you.

Protect yourself. Don't sign papers you don't understand. If something seems too good to be true, check it out completely. Get all "promises" in writing.

