

## Homeowner's Reference Guide

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If you are a homeowner at risk of foreclosure you need to know that there are programs and services available that can help. First and foremost, it is important to act quickly before you are three months delinquent on your mortgage payment. To learn more about foreclosure prevention options contact a certified foreclosure prevention counselor.

**The following organizations may be able to assist you:**

### U.S. Department of Housing and Urban Development (HUD)

HUD sponsored counseling services provide a broad range of assistance for free or at a minimal cost to homeowners. They provide advice on defaults, foreclosures, credit issues, and reverse mortgages to name a few. Visit [www.hud.gov](http://www.hud.gov) or call 1-(800) 569-4287 to learn more.

### ClearPoint Credit Counseling Solutions

ClearPoint Credit Counseling offers solutions in foreclosures, bankruptcy, mortgage delinquencies and reverse mortgages among many other options that are available. Please visit [www.bydesignsolutions.org](http://www.bydesignsolutions.org) or call toll free 1-(877) 422-9041.

### NeighborWorks America

Is a national network of more than 230 community-based organizations that provides innovative programs to ensure that affordable housing is a win-win situation for homeowners, communities, and lenders. Visit NeighborWorks at [www.nw.org](http://www.nw.org) or to speak with an expert call 1-(877) 316-8913.

This brochure contains contact information that will help guide you in the right direction towards keeping your home in these difficult economic times. It will also provide you with options you can discuss with your lender.

### Quick Contacts

U.S. Department of Housing &  
Urban Development (HUD)  
(800) 569-4287  
[www.hud.gov](http://www.hud.gov)

ClearPoint Credit Counseling Solutions  
(877) 422-9041  
[www.bydesignsolutions.org](http://www.bydesignsolutions.org)

NeighborWorks America  
(877) 316-8916  
[www.nw.org](http://www.nw.org)

HOPE NOW Alliance  
[www.hopenow.com](http://www.hopenow.com)

Homeowner's HOPE Hotline  
(888) 995-HOPE (4673)

Making Home Affordable  
(888) 995-HOPE (4673)  
[www.makinghomeaffordable.gov](http://www.makinghomeaffordable.gov)

### Participating lenders in the HOPENOW program

Bank of America  
(800) 846-2222  
(800) 669-6650 Mortgage  
(800) 451-6362 Equity Loan  
[www.bankofamerica.com](http://www.bankofamerica.com)

Citigroup  
(866) 272-4749  
[www.citigroup.com](http://www.citigroup.com)

Wells Fargo  
(877) 216-8448  
[www.wellsfargo.com](http://www.wellsfargo.com)

Chase  
(800) 446-8939  
(877) 838-1882  
[www.chase.com](http://www.chase.com)

City of Burbank  
Redevelopment Agency

## HOMEOWNER'S FORECLOSURE PREVENTION

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QUICK REFERENCE GUIDE

## Alternate Solutions

### What is a Loan Modification?

This is where, upon mutual agreement, the bank makes favorable changes to terms in your Mortgage Note resulting in lower monthly mortgage payments.

#### Pro

You get to stay in the home. No moving costs. Workout provisions that make monthly payments more affordable. Back payments and back taxes can be put on the back of the loan. Usually no income tax implications. Possible principal reduction, although rare.

#### Con

Will need to provide lenders an application and documentation to support a hardship. This process can take six months. Credit scores can be reduced by as much as 300 points for late payments. Many lenders require hardship to be demonstrated by at least one payment resulting in a derogatory credit score. Potential 3rd party and legal costs to get lenders to respond.

### What is Forbearance?

This is where your lender allow you to apply missed mortgage and/or property tax payments to the back of the loan for a specific amount to time.

#### Pro

You get to stay in the home. No moving costs. Workout provisions that make monthly payments more affordable. Back payments and back taxes can be put on the back of the loan. Usually no income tax implications.

#### Con

Will need to provide lenders an application and documentation to support a hardship. Credit scores can be reduced by as much as 300 points for late payments. Many lenders require hardship to be demonstrated by at least one payment resulting in a derogatory credit score.

### What is a Short-Sale?

This is where a homeowner owes more than the house is worth and obtains lender approval in order to sell it at market price.

#### Pro

Allows the sale of a home that could be hundreds of thousands of dollars upside down. Get out from under a large monthly obligation that no longer makes sense. Eligible for a Fannie Mae backed mortgage after two years. Loss to lender will generally less than foreclosure. Under the Mortgage Forgiveness Act, the entire loss may be forgiven for tax purposes. A Short Sale is not reported on a credit report and is therefore not a challenge to future employment.

#### Con

Will need to provide lender an application and documentation to prove hardship. Will not be able to obtain a conventional home loan for two + years. On credit, "paid as agreed" will typically lower scores by 50 points. If property was refinanced, lender can pursue a deficiency judgment. There may be tax consequences. Some properties and circumstances will not apply. Consult your CPA.

### Bankruptcy?

Relief from creditors and lenders can be granted by the courts and has many different advantages and disadvantages.

#### Pro

Insulation of complete or partial liability to lender for their losses on your home. Up to full dismissal of liability for income taxes owed created by foreclosure on short sale. No approval by lenders or creditors for this action.

#### Con

Filing bankruptcy will appear on public record and on your credit, and will be there for seven to ten years affecting your credit scores by as much as 300 points within the first few months. Approval by the bankruptcy court for dismissal of the bankruptcy.

### What is a foreclosure?

This is where your lender repossesses your home through judicial or non-judicial means.

#### Pro

Requires no action on your part at all. Will not have to give any documentation to the lienholder or prove any hardship. Under the Mortgage Forgiveness Act, the entire loss may be forgiven for tax purposes.

#### Con

Will usually show up on credit as well as in public records. Foreclosures are recorded with your County and give "constructive notice" to the world of what happened. Will not be able to obtain a conventional loan for five to seven years. On credit, will typically lower score up to 300 points. If property was refinanced, lender could pursue deficiency judgment. There may be tax consequences. Some properties and circumstances well not apply. Consult your CPA. Loss to lienholder will typically be higher than a deed in lieu, short sale or short pay resulting in potentially higher taxes. Consult your CPA.

### What is a Deed in Lieu of Foreclosure?

This is where the bank accepts the keys to your home instead of going through the formal foreclosure process. However, many of the negative elements of a foreclosure still exist.

### What is a Short Refi?

This occurs when you are upside down on your home and your lender allows you to refinance for the current balance owed instead of the market price, allowing you to "short" the balance.