

Nevada

Foreclosure Information

W o r k b o o k



**A tool to
educate
homeowners
on the
foreclosure
process**

Presented by the Nevada Foreclosure
Prevention Taskforce to the citizens of Nevada.

Adapted from the Foreclosure Prevention Workbook created by the
Pima County Foreclosure Prevention Coalition

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Acknowledgement

The Nevada Foreclosure Prevention Taskforce expresses deep gratitude to the Pima County Foreclosure Prevention Coalition for allowing the Pima County Foreclosure Prevention Workbook to be adapted for use in Nevada. This information will allow Nevada residents experiencing mortgage difficulties to become better prepared when working with their lenders, servicers and housing counseling agencies.

Disclaimer

Unless otherwise specifically stated, the information contained herein is made available to the public by the Nevada Foreclosure Prevention Taskforce for use as examples of the kinds of documents and advice one may receive in the process of working with a mortgage company, housing counseling agency or any other party involved in the delinquency or foreclosure of one's home. The intent of the workbook is to assist individuals in resolving their foreclosure crisis.

Neither the Nevada Foreclosure Prevention Taskforce nor any other agency or entities involved in the development of this workbook, assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, product or process disclosed in these examples.

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The views and opinions of the originators expressed therein do not necessarily state or reflect those of the Nevada Foreclosure Prevention Taskforce.

Dear Nevada Residents,

The Nevada Foreclosure Prevention Taskforce is proud to provide you this Foreclosure Information Workbook. You or someone you know may be facing mortgage delinquency and do not know when or how to seek assistance. This workbook will help you with this. Additionally, it is our hope that this workbook will encourage you to start working with your loan servicer and/or a housing counselor as soon as you think you will have a problem making your mortgage payment.

This workbook is designed to be a tool that can help you make informed decisions when facing mortgage delinquency and possible foreclosure. It offers clear direction on what information you will need to gather—key documents, household income and household expenses—when you approach your loan servicer and a housing counselor about your situation. It provides information to help you decide if you can afford to keep your home or if you will need to take other steps. It tells you how to find your servicer, how to choose a reputable housing counseling agency and alerts you on how not to become a victim of a foreclosure scam.

Other tools in the workbook include a communications log to help you track names, phone numbers and the essence of important conversations you have with people who are helping create a solution for you. Sample letters will help you state your case clearly to the counselors, servicer and others involved in your situation.

The Taskforce congratulates you for your courage in recognizing the complexity of the problem, in taking the steps to make informed decisions and in seeking professional assistance and advice regarding your home and your future.

Sincerely,

The Nevada Foreclosure Prevention Taskforce

Important Terminology

Throughout this workbook, we will use words that you may have heard many times before but may not be certain what they mean. Below are a few definitions that are important to know as you go through this workbook. The Glossary in the *Tools for Homeowner* section contains additional definitions.

Customer Workout – Process where a servicer and a borrower develop a mutual agreement to resolve a loan default and avoid foreclosure.

Default – The failure of the borrower to make the loan payments as agreed in the promissory note or workout plan.

Delinquency – A loan payment that is overdue but within the period allowed before actual default is declared.

Foreclosure - The legal process by which an owner's right to a property is terminated, usually due to default. The mortgage lender sells at auction the property that secures a loan on which a borrower has defaulted. Typically, ownership of the property is transferred to the financial institution. The institution will market and list for sale the property to recover the monies owed to them.

Investor – The entity that owns the loan. Oftentimes, the lender will sell your loan to another entity after closing. Most likely, the investor is not the same as the servicer or the lender. The servicer must follow the investor's guidelines for servicing the loan and resolving delinquencies.

Lender – The entity that gave you the mortgage loan. It may not be the same entity to whom you send your payments.

Servicer – The entity to whom you send your monthly payments. The lender has contracted with the servicer to handle your loan after closing. The servicer is your contact for any issues you have with your mortgage loan. Also called **loan servicer or mortgage servicer**.

Servicing - The administration of the loan by the servicer from the time you obtain your mortgage loan until it is paid off. Administration of a loan includes the collection and application of payments, payment of insurance and real estate taxes, maintaining records of payments and balances and working with the borrower to resolve delinquencies.

Understanding Mortgage Delinquency

- 1. Are You Behind The Eight Ball?**
- 2. Delinquency And Foreclosure**
- 3. Role Of The Housing Counselor**
- 4. Finding A Certified Housing Counselor**



Are You Behind The Eight Ball?

Today's economic environment is very stressful. Many Nevadans are dealing with multiple personal challenges, including:

- Loss of employment
- Changes in mortgage payment
- Unpaid bills
- Caring for an elderly parent
- Reduction in income
- Divorce or separation
- Sudden disability
- Other life-changing events

These events can affect a borrower's ability to make their mortgage payment on time and as agreed. When this happens, foreclosure may result.

If you are facing financial challenges and are at risk of defaulting on your mortgage, it is important to:

- **Understand** when delinquency begins and when foreclosure can occur;
- **Contact** your servicer as soon as possible to discuss your situation and
- **Seek** the advice of a certified and reputable housing counselor.

The sooner you begin working with your servicer and/or a housing counselor, the more likely the servicer will be able to find a solution to help you stay in your home.

Don't wait until you have missed a payment!

Delinquency And Foreclosure

What happens if I do not make my payment by the due date?

The loan servicer expects to receive your payment by the due date. If the servicer has not received your payment by that date, the loan is considered to be delinquent. You can find the due date in the promissory note and also in the monthly statement that the servicer sends to you.

Will the servicer call me to collect my past due payment?

The Collections Department may contact you to start the collection process. The Collections Department is a division of loan servicer that is responsible for obtaining and applying payments due on mortgage loan. Generally, they will try to make contact with you before the payment is 30 days late.

What happens if I can't make my payments as agreed?

If the Collections Department is not able to collect the full payment or make acceptable payment arrangements with you, your account may be referred to the **LOSS MITIGATION DEPARTMENT**. Loss Mitigation is a division of the loan servicer that will work with you to establish an acceptable plan to get you back on track with your mortgage payments. You will begin to receive letters requesting that you call them. **ALWAYS RETURN THEIR CALLS!** This is the period where you may have other options available to you. Loss Mitigation representatives will make many attempts to contact you. Most likely, you will be asked to submit a request for assistance. The request, may include, but not be limited to, a letter explaining your situation (also called a hardship letter), an income and expense statement and evidence of current income.

DON'T WAIT FOR THE SERVICER TO CALL YOU.

CALL YOUR MORTGAGE COMPANY/SERVICER IF YOU KNOW YOU WILL BE LATE.

ALWAYS RETURN CALLS FROM THE SERVICER!

When can the foreclosure process begin¹?

While lenders and servicers will try to contact the homeowner to try to bring the loan current, the foreclosure process can start at any time after default. To start the foreclosure process, the servicer executes and records a Notice of Default and Election to Sell the Home. The servicer can record this Notice of Default as soon as the borrower is delinquent. The homeowner must be sent the Notice of Default by registered or certified mail.

If you receive a Notice of Default, contact your servicer, reputable housing counselor and/or legal counsel immediately to understand when the foreclosure sale will take place. There are specific timeframes that the servicer must follow.

¹The law related to in this section is the non-judicial foreclosure timeline in Nevada.

Role Of The Housing Counselor

If you are facing mortgage delinquency, a certified housing counselor can work with you to find a solution that best fits your situation. They will require very specific information from you, the homeowner. The more information provided to the housing counselor, the easier it will be to assess your expectations and situation.

A counselor will help you evaluate your financial situation, determine the options available to you and help you find a solution with your servicer. A counselor will be familiar with the various workout arrangements that lenders/servicers will consider and will know what course of action makes the most sense for you and your family, based on your circumstances. In addition, the counselor can call the servicer with you or on your behalf to discuss a workout plan.

You can protect yourself from future credit problems when you meet with a reputable counselor before your mortgage payments fall too far behind.

A good counselor will help you establish a monthly budget plan to ensure you can meet all of your monthly expenses, including your mortgage payment. Your personal financial plan will clearly show how much money you have available to make the mortgage payment. This analysis will help you and the servicer determine whether a reduced or delayed payment schedule will benefit you. Also, a counselor will have information on services, resources and programs available in your local area that may provide you with additional financial, legal, medical or other assistance that you may need.

Typically, the services of a foreclosure prevention counselor are provided at no cost to the homeowner. If the counselor requires a fee, in particular, one that is paid before any services are performed, immediately contact HUD at 800-569-4287 to see if you will be working with a reputable counselor. See also the *Beware of Scams* section.

The housing counselor may need to speak with your servicer to obtain information about your loan; i.e., loan balances, arrearages (if any) and current payment amounts. Before the servicer may speak with the housing counselor about your loan, they must receive written permission from you. You will be asked to sign an *Authorization to Release Information* form. Without this authorization, the servicer will not share any information with the housing counseling organization. A sample authorization is on the following page.

- Sample -

Release of Authorization Letter

Advising Mortgage Lender or Servicer that a Housing Counseling Agency will be representing you.

Sign only after you have verified the counselor is legitimate.

Date

Servicer Name
Servicer Street Address
Servicer City, State, Zip

Re: Loan Number

Dear Loss Mitigation Manager:

We the undersigned, hereby authorize _____ (*housing counseling agency*) to act on our behalf in all manners relating to our mortgage loan in the original amount of \$_____ for the property located at _____ (include the complete street address, city, state and zip code), including signing of all documents relating to this matter.

Any and all acts carried out by _____ (*housing counseling agency*) on our behalf shall have the same affect as acts of our own.

This authorization is valid until further written notice.

Sincerely,
(Borrower's name)

The servicer may have their own version of this form or they may accept the counselor's version. The counselor and servicer will let you know.

Finding A Certified Housing Counselor

The organizations listed below can provide you with individual counseling on foreclosure prevention. For the latest updates to the list, please visit www.foreclosurehelp.nv.gov, visit www.hud.gov or dial 2-1-1.

Consumer Credit Counseling Service of Southern Nevada (HUD approved)

Address: 2650 S. Jones Blvd
Las Vegas, Nevada 89146

Additional locations: Henderson, Nellis Air Force Base, Fallon, Carson City, Minden

3100 Mill Street #111
Reno, Nevada 89502

Phone: (800) 451-4505 or (702) 364-0344

Email: cccs@cccsnevada.org

Website: www.cccsnevada.org

Community Services of Nevada (HUD approved)

Address: 3320 Sunrise Avenue, Suite 108
Las Vegas, Nevada 89101

Phone: (702) 307-1710

Fax: (702) 307-1712

Email: mvreb@elvcdc.org

Housing for Nevada (HUD approved)

Address: 285 E. Warm Springs, Suite 100
Las Vegas, Nevada 89119

Phone: (702) 270-0300 or 1-877-649-1335

Fax: (702) 270-2195

Website: www.housingfornevada.org

Neighborhood Housing Services of Southern Nevada (HUD approved)

Address: 1849 Civic Center Drive
North Las Vegas, NV 89030

Phone: (702) 649-0998

Fax: (702) 649-0702

Website: www.nwsn.org

Nevada Fair Housing Center

Address: 3380 W. Sahara Avenue, Suite 150
Las Vegas, Nevada 89102

Phone: (702) 731-6095

Fax: (702) 732-9538

Email: info@nfhc.org

Website: <http://www.nfhc.org/>

Nevada Legal Services (HUD approved)

Address: 841-A East Second Street
Carson City, NV 89701

530 South Sixth Street
Las Vegas, NV 89101

204 Marsh Avenue, 3rd Floor
Reno, NV 89509

Phone: (702) 386-0404
Fax: (702) 388-1641
Website: <http://www.nlslaw.net/>

Washoe County Department of Senior Services (HUD approved)

Address: 1155 E Ninth St
Reno, Nevada 89512

Phone: (775) 328-2592
Fax: (775) 328-6193
Email: slawproj@washoecounty.us
Website: <http://www.washoecounty.us/seniorsrv/legal.htm>

Women's Development Center (HUD approved)

Address: 4020 Pecos McLeod
Las Vegas, Nevada 89121

Phone: (702) 796-7770
Fax: (702) 796-3007
Email: bclaridy@wdclv.org
Website: www.wdclv.org



Understanding Your Financial Situation

Preparing For Your Conversation With The Servicer And Housing Counselor

- 1. Think About Your Situation**
- 2. What is Your Income?**
- 3. Where Is Your Money Going?**
- 4. What Are Your Other Assets?**
- 5. Can You Afford To Keep Your Home?**

Think About Your Situation

When you speak with your loan servicer or a housing counselor be prepared to tell them about your situation. Use this worksheet to summarize your circumstances. Please be as accurate and detailed as possible.

Are you delinquent?

If so, when did you miss your first payment (date)? Why did you miss this and any other payments?

If you have not missed a payment, what are the financial difficulties that you are facing?

How have you tried to fix your financial situation?

Do you expect your situation to change soon?

What resources do you have to help you?

Once you complete this exercise, you will be ready to write a Hardship Letter. The Hardship Letter explains your situation to your servicer and asks for help. Many servicers will require that you submit a Hardship Letter when requesting assistance.

Following is a sample Hardship Letter.

- Sample -

Hardship Letter

Date

Lender's Name

Lender's Address

Re: Loan Number _____

Dear Loss Mitigation Manager:

Our names are/My name is _____ and we've/I've been paying the mortgage on our/my home at _____ [insert property address] _____ for ___ years now. This letter is to explain why we/I have unfortunately fallen behind on the monthly mortgage payments and to ask for your help.

(Explain your hardship. Include dates and specific incidents that caused you to get behind. Use the information from the worksheet you just completed. Also, if applicable, explain how the hardship has been resolved.)

We/I have sat down with our/my family and taken a very hard look at our financial situation. We have all agreed to make the following sacrifices in order to make certain that we can pay our mortgage on time. (Explain what steps you have taken to correct your financial position (cut back on spending, canceled some things... cable, eliminated activities, met with credit counseling services).

My family and I are truly grateful for the opportunity that you have given us to own our home and have every intention of keeping it for a long while, as well as making timely mortgage payments to you for it.

Thank you again for your time. We truly hope that you will consider working with us. We are anxious to get this settled so we can move on.

Sincerely,

(Ask everyone in your family sign the letter.)

What Is Your Income?

Your servicer and housing counselor will need to know **all** your current household income. Before you speak with them, complete the following worksheet.

MONTHLY HOUSEHOLD INCOME:

Sources of Income	Homeowner A	Homeowner B	TOTAL A&B
1st Job Income – Take Home Amount	\$	\$	\$
2nd Job Income – Take Home Amount	\$	\$	\$
3rd Job Income – Take Home Amount	\$	\$	\$
Social Security/SSI/SSDI	\$		
Child or Spousal Support	\$	\$	\$
Unemployment Compensation	\$	\$	\$
Workers Disability Compensation	\$	\$	\$
Veterans Benefits	\$	\$	\$
Retirement Benefits	\$	\$	\$
Monies from Boarders or Roommates	\$	\$	\$
Child care assistance	\$	\$	\$
Housing assistance	\$		
Rental income from other homes owned	\$	\$	\$
Any other income not listed above	\$	\$	\$
Any other income not listed above	\$	\$	\$
Total	\$	\$	\$ (this is the total household income)

- **It is important that these amounts be accurate and exact.**
- Include income for all those living in the home.
- If the amount changes from month to month, look at your year-to-date amount and determine an average.
- Be sure to let your servicer know if you expect a change in income in the near future.

Where Is Your Money Going?

Your servicer and housing counselor will also need to know all of your expenses. Before you speak with them, complete the following worksheet. Be sure to include every expense in your household. For expenses that vary from month-to-month, use an average.

Monthly Expenses			
COLUMN 1 EXPENSE	MONTHLY	COLUMN 2 EXPENSE	MONTHLY
Shelter		Contributions & Gifts	
Mortgage payment	\$	Church donations	\$
Homeowner Association dues		Miscellaneous donations	
Home maintenance		Gifts/cards/Wrapping Accessories	
Taxes & insurance (if not included in mortgage payment)		Other	
Food & Household		Recreation	
Groceries, beverages	\$	Club dues	\$
Cleaning supplies, paper products		Newspapers, magazines, books	
Food away from home		CDs, other music	
Tobacco and alcohol		Movies	
		Hobbies	
Utilities		Sports	
Gas, light, water	\$	Vacations	
Phone		Entertainment	
Cell/mobile phone			
Garbage, sewer			
Insurance		Other Expenses	
Life	\$	Kids' allowances	\$
Auto		Day care (Children/Seniors)	
Health		Babysitting	
Other		Postage	
		Cable or satellite TV	
Transportation		Other services	
Gas & oil	\$	Pets (food, vet, boarding)	
Repairs & upkeep			
Registration		Monthly Obligations	
Bus, carpool		Alimony & child support	\$
Parking		Total monthly auto loan payments	
		Total monthly credit card payments	
Education		Monthly expenses for other homes owned	
Tuition	\$	Other monthly obligation	
Books		Other monthly obligation	
Special lessons			
Sports			
Health Care		Clothing	
Medical	\$	New purchases	\$
Dental		Dry cleaning, laundry	
Prescriptions			
Personal Care			
Beauty/Barber Shop	\$		
Nails			
Other personal expenses			
COLUMN 1 TOTAL:		COLUMN 2 EXPENSE TOTAL:	
\$		\$	
COLUMN 1 + COLUMN 2 = TOTAL EXPENSES: \$			

Monthly Household Expenses:

There are three types of expenses—fixed, variable and discretionary. This classification helps you determine what expenses you may need to reduce or eliminate.

What are your **fixed expenses**? These expenses have set or fixed payments on a weekly, monthly or annual basis. You know what the amount will be. Examples include your car payment, insurance payment.

What are your **variable expenses**? These expenses can change, fluctuate or vary from month-to-month depending on usage or where obtained. Examples include utility bills, childcare costs, gas for automobile and groceries). Review these expenses over several months to determine an accurate amount.

What are your **discretionary expenses**? These items are not essential to your well-being and, if needed, will be the first expenses to be reduced or eliminated. Examples include holiday shopping, eating out, hairdresser and entertainment. Estimate what you spend on these expenses each month.

Look at the expenses you have recorded on the worksheet and make a note next to each one indicating whether you can reduce or eliminate the expense.

What Are Your Other Assets?

List your household assets. Think about what you are willing to do with them. Can you or will you sell some of your assets? If so, which ones? Are you willing to make some changes to your lifestyle? A certified housing counselor can help you with this.

Record your assets on the chart below.

	Household Assets	Column 1	Column 2	Column 3
	Description	Value	Amount Owed	Sell?
a)	Automobile #1	\$	\$	\$
b)	Automobile #2	\$	\$	\$
c)	Automobile #3	\$	\$	\$
d)	Cash on Hand Over \$100	\$	\$	\$
e)	Checking Account	\$	\$	\$
f)	Savings Account	\$	\$	\$
g)	Anticipated Tax Refunds	\$	\$	\$
h)	Money Market Funds	\$	\$	\$
i)	Stocks/Bonds/CDs/Annuities, etc	\$	\$	\$
j)	IRA / Keogh Accounts	\$	\$	\$
k)	Computer/TV/Electronics	\$	\$	\$
l)	Furniture	\$	\$	\$
m)	Boats / Jet Skis	\$	\$	\$
n)	RV/ Recreational Homes	\$	\$	\$
o)	Motorcycles / Snowmobile	\$	\$	\$
p)	Farm Equipment	\$	\$	\$
q)	Trailers	\$	\$	\$
r)	Other Property	\$	\$	\$
s)	Other Property:	\$	\$	\$
t)	Total		\$	\$

What is your current lifestyle and what are you willing to change?

Eating out: _____

Gambling: _____

Toys/Luxuries: _____

Cable TV: _____

Cell phone: _____

Other: _____

Can You Afford To Keep Your Home?

Based on what you earn, spend, need, and can sell, are you able to keep (afford) your home?

Income and Expenses:

1. Total Monthly Income \$ _____ (from What Is Your Income -Total A+ B)
2. Total Monthly Expenses \$ _____ (from Where is Your Money Going-Total Col. 1 & 2)
3. What's Left Over \$ _____ (Line 1 minus Line 2 above. This is what's left to cover increased mortgage payments or other emergencies.)

If you do not have money left over at the end of the month or have very little, you may need to review your expenses to see what can be reduced or eliminated. A housing counselor can help you with this.

Cash Available/Needed:

4. Homeowner Cash on Hand \$ _____ (from What are Your Other Assets - line d, Col. 1)
5. Homeowner Assets – SELL \$ _____ (from What are Your Other Assets - line t, Col. 3)
6. Total Cash Available \$ _____ (Line 4 plus Line 5 above)

Know Your Mortgage

1. Gather Your Loan Documents
2. What Kind(s) Of Loan(s) Do You Have?



Gather Your Loan Documents

Gather your loan documents. It is important that you fully understand the terms of your mortgage. A certified housing counselor can help you with navigating through them. These documents may include:

- ❑ **The Promissory Note** - This is the legal evidence of indebtedness and formal promise to repay the debt. It sets out the loan amount, payment date, payment amount or how your payment amount will be determined and the maturity date. It also includes the penalties and steps the lender and servicer can take if you fail to make your payments on time.
- ❑ **Deed of Trust** - The deed of trust identifies the security or collateral for the loan. It helps to verify and protect the legal interest in a property. The property is deeded by the title holder (trustor or borrower) to a trustee (often a title or escrow company) which holds the title in trust for the beneficiary (the lender). The deed of trust is recorded in public records.
- ❑ **Adjustable Rate Mortgage Rider (ARM Rider)** - Adjustable-rate mortgages (ARMs) are loans with interest rate and payment changes. The ARM Rider describes how the loan will adjust and any limitations on the adjustments. It will describe the adjustment periods for the interest rate and the payments. It will also advise you when to expect notice of an interest rate and payment change.

The interest rate on an ARM consists of two parts: the index and the margin. The index determines how the interest rate will change and the margin is an amount that is added to the index to determine the new interest rate. There are different types of ARMs - hybrid ARMs, interest-only ARMs and payment-option ARMs.

- ❑ **Prepayment Penalty Rider** - A prepayment penalty allows the lender or servicer to charge the borrower additional interest, (typically six months), when a mortgage is repaid during the penalty period, which is usually somewhere in the first three to five years of the mortgage. If a mortgage contains a prepayment penalty, this should be clearly stated in the mortgage disclosures, mortgage note and/or prepayment penalty rider to the note.
- ❑ **TIL (Truth in Lending) Disclosure Statement** - This document is provided at application and at closing on certain loans. It shows the estimated total costs of borrowing, expected payment amounts over life of loan and other significant features of your loan such as a prepayment penalty.
- ❑ **HUD 1 Settlement/Closing Statement** – This document contains all the costs to the borrower that are associated with the purchase of home and the loan. It is provided at the loan closing.
- ❑ **Home Equity or Second Mortgage Documents** – These will consist of a Promissory Note, Deed of Trust and/or Home Equity Agreement. These documents contain the details of your second mortgage.
- ❑ **Last Two Mortgage Statements**

Record information about your loan on the following worksheet.

What Kind(s) Of Loan(s) Do You Have?

	First Mortgage	Second Mortgage (Home Equity)	Where do I find this*?
What about my Loan on _____ (include property address)			
Original Mortgage Lender			DOT*
Original Loan Amount			TIL*; P. Note*
Monthly Payment			TIL; P. Note
Monthly Due Date			TIL; P. Note
Closing Date of the Loan			DOT; P. Note
Number of Payments			TIL; P. Note
My Loan Type is?			
	<input type="checkbox"/> FHA or <input type="checkbox"/> VA or <input type="checkbox"/> Conventional or Rural Dev.	<input type="checkbox"/> Home Equity Loan or <input type="checkbox"/> Home Equity Line of Credit	HUD 1*
Mortgage Insurance			HUD 1*
Other			
What are my Loan Terms?			
Fixed Rate			TIL; P. Note
Adjustable Rate (ARM) Type			ARM Rider*; P. Note
Initial Rate			ARM Rider; P. Note
Index			ARM Rider; P. Note
Margin			ARM Rider; P. Note
Adjustment Date			ARM Rider; P. Note
How often does the loan adjust			ARM Rider; P. Note
Interest rate adjustment terms			ARM Rider; P. Note
Payment adjustment terms			ARM Rider; P. Note
Interest only payments			
Other			
Information included on the monthly mortgage statement			
Servicer Name::			
Servicer Contact Number:			
Outstanding Balance			
Mortgage Insurance			
Homeowners Insurance			
Taxes Escrowed			
Insurance Escrowed			

*ABBREVIATIONS:

DOT: Deed of Trust

P. Note: Promissory Note

HUD 1: Settlement Closing Statement

ARM: Adjustable Rate Mortgage

TIL: Truth in Lending



Know Your Options

1. **Keeping Or Not Keeping Your Home**
2. **Options To Keep Your Home**
3. **Options To Not Keep Your Home**

Keeping Or Not Keeping Your Home

There are a number of solutions for a homeowner facing financial difficulties. Solutions vary from creating a repayment plan to selling the house. Solutions are individualized for each customer and based on all of the following:

- Reason for delinquency.
- Ability and willingness to pay. The servicer will consider your payment history (have you been making your payments on time until now) and your current financial condition (do your current income and expenses allow you to continue making payments as required)
- How delinquent you are.
- The investor or owner of your loan. The servicer will know the investor policies for working with delinquent borrowers. A servicer must always follow the investor requirements.
- The number of mortgages on your home.
- Occupancy status of the home.

First, list those things you can do that do not involve the servicer. Examples include reducing your expenses, increasing your income and/or selling assets.

Options To Keep Your Home

(Depends entirely on the investor)

The following summarizes solutions that allow the homeowner to keep their home. All of these solutions require a thorough analysis of the homeowner's income and expenses.

- **Refinance** - A new mortgage on the loan with no change in ownership. The ability to refinance a loan requires that the borrower not be delinquent and that there be equity in the home.
- **Repayment Plan** – Plan where delinquent payments are distributed over a period of time, usually no more than 12 months. The monthly amount is added to usual mortgage payment resulting in a higher payment until the delinquent amount has been repaid. This repayment plan brings the account up-to-date within a specified time frame.
- **Loan Modification** - Past-due interest and escrow to the unpaid principal balance, which is then re-amortized over a new term. Rate adjustments, term extensions, and principal forgiveness may be considered. Loan modification results in permanent, contractual changes in one or more mortgage terms. Additional loan fees may be involved, based on the type of the mortgage a customer holds and on the specific investor. A loan modification immediately brings the account up-to-date.
- **Partial Claim** - HUD advances a loan to repay the past-due interest and escrow amounts. The loan is due and payable when the borrower pays off the first mortgage or no longer owns the property. The loan is interest-free and the account is brought up-to-date immediately. Only allowed on FHA loans.
- **Forbearance** – A temporary reduction or suspension of a borrower's payment. The repayment plan is based upon the customer's financial situation. Because of long-term implications, this option is used only in severe hardship cases.

Options To Not Keep Your Home – How To Exit Gracefully

The following summarizes the ways to avoid foreclosure but not keep the home. Even though you may not be able to keep your home, it is important to work with your servicer during this process. Walking away from your home without consulting with your servicer may result in a foreclosure reported in your credit file, tax consequences, and/or a deficiency balance for loan proceeds not recovered in a foreclosure sale. If keeping your home is not a viable option, your loan servicer may have alternatives available to absolve the mortgage and home.

- **Sell the property** – This is the best option if you cannot afford the mortgage payment and if there is equity in the home (the value is more than the amount owed). Other considerations when deciding to sell the home include the condition of the home and how much time you have.
- **Assumption** - If allowed by the loan documents and if you find another borrower willing and qualified to take over your mortgage, they may assume your mortgage. The new borrower must meet the lender's criteria.
- **Short Sale** – If the market value is less than total amount owed, a short sale allows the borrower to sell their home and use the proceeds to pay the mortgage even though the proceeds will not be sufficient to pay off the outstanding balance. The investor and mortgage insurer must agree to this option.
- **Deed-In-Lieu of Foreclosure** – The borrower transfers the property to the servicer if the home cannot be sold at market value. This option requires that the property be listed for a specified period of time, generally 90 days. There may be tax consequences.

Sometimes foreclosure is the only option for a borrower. If so, you will want to work closely with a certified housing counselor who can devise a plan of action on how to appropriately transition into alternative housing, liquidate unsecured debts, budget and save for future moving costs, and obtain tips on how to re-establish your credit rating.



Beware Of Scams

Don't Be A Victim!

Common Scams

Don't Be A Victim!

Homeowners facing foreclosure are at risk of becoming victims of a foreclosure scam. Individuals involved in such scams convince vulnerable homeowners that they can save the homeowner from foreclosure. They tell the homeowner that they have direct contact with the servicer. They advise the homeowner that there are "federal laws" that require your lender to work with them. They assure the homeowner that they can help and will most always ask for a fee.

In reality, they are not there to help the homeowner: They only want your money or your home. They encourage the homeowner to stop working with their lender, servicer and housing counseling agency and tell them that they will take care of everything.

Some common scams are:

- **Bailout or Rent-to-Buy**– Includes various schemes where homeowners surrender their title to the house thinking they will be able to remain as renters and buy the house back in a few years. In actuality, the terms for buying the house back make it nearly impossible for the homeowner to do so.
- **Bait and Switch** – Homeowners believe they are signing documents for a new loan to make the mortgage current, but sign away their home and are left holding the mortgage on a home they no longer own.
- **Phoney Counseling or Phantom Help** – The person conducting the scam tells the borrower that he can negotiate a deal with the servicer to save the house if the borrower pays a fee first. Once the fee is paid, the person takes off with the money and provides no assistance.
- **Bankruptcy Foreclosure** - The rescuer promises to negotiate with the lender on the borrower's behalf for a fee. The rescuer takes the fee and files a bankruptcy case in the borrower's name and without the borrower's knowledge.

New scams are always developing. If the assistance looks too good or too easy or if you are asked to pay a fee for foreclosure prevention services make sure, verify that the service and company contacting you is legitimate.

Protect yourself:

- Never sign over the deed to your home as part of a foreclosure avoidance transaction. A deed should be signed over only if you intend to sell the home for a fair trade;
- Read every document carefully. Do not sign contracts or documents that have blank spaces and never be pressured into signing documents that you do not understand.
- Make your monthly mortgage payments directly to your servicer. Do not give your money to another person to make payments on your behalf or allow another person to make payments on your behalf;
- Contact your servicer first, when you are getting behind in your mortgage payments. If you are uncomfortable with contacting the servicer, call a certified housing counselor. Often a payment plan can be worked out that allows you to keep your home while working through financial problems;
- Never pay for foreclosure consulting services up front and be wary of costly fees.

If you suspect that you are a victim of a scam, contact The Nevada Division of Mortgage Lending at (702) 486-0780, the Nevada Consumer Affairs Division at (702) 486-7355, the Southern Nevada Mortgage Fraud Hotline at (702) 584-5555, or the Nevada Attorney General's Bureau of Consumer Protection at (702) 486-3132.

For more information on the latest scams and ways to protect you and your family, visit:

- <http://foreclosurehelp.nv.gov/ForeclosureScams.html>
- <http://fightfraud.nv.gov/ForeclosureScams.htm>
- <http://www.ftc.gov/bcp/menus/consumer/credit/mortgage.shtm>

Tools For The Homeowner

1. How To Find And Contact Your Loan Servicer
2. Servicer Telephone Numbers
3. Filing A Complaint
4. Glossary



How To Find & Contact Your Lender Or Loan Servicer

Don't know who your servicer is?

- Check your monthly mortgage billing statement.
- Check your payment coupon book.

Don't know how to reach your servicer?

- Check your phone book.
- Search on the Internet.
- Search using the MERS (Mortgage Electronic Registration System) ServicerID web tool - <http://www.mersinc.org/> - MERS® ServicerID is a fast and free tool to identify the servicer of any loan registered on the MERS® System.
- Use the list on the next page.

Servicer Telephone Numbers

Be sure to have your account number ready when calling.

Servicer	Hotline
Aurora Loan Services	866-519-3090
Avelo Mortgage, LLC	877-882-8356
Bank of America	800-846-2222
Carrington Mortgage Services	800-790-9502
CitiMortgage Conv/FNMA	800-667-8424
Countrywide Home Loans	800-669-6650
EMC Mortgage, Inc./Bear Stearns	877-362-6631
First Horizon Home Loans	800-364-7662
GMAC/Homecomings/ResCap	800-799-9250
Home Loan Services, Inc.(dba First Franklin Loan & NationPoint Loan Serv)	800-500-5022
HomEq Servicing	877-867-7378
HSBC Consumer Lending	800-333-5848
HSBC Mortgage Corporation	888-648-3124
IndyMac Bank	866-355-7273
JPMorgan Chase Prime Loans	866-550-5705
JPMorgan Chase Non-Prime	877-838-1882
JPMorgan Chase Home Equity	866-582-5208
Litton Loan Servicing	800-247-9727
National City Mortgage Corporation	800-523-8654
Nationstar Mortgage, LLC	888-480-2432
Ocwen Loan Servicing, LLC	877-596-8580
Option One Mortgage Corporation (Also American Home Mortgage Servicing)	888-275-2648
Saxon Mortgage Services	888-325-3502
Select Portfolio Servicing	800-258-8602
SunTrust Mortgage, Inc.	800-443-1032
U.S. Bank Home Mortgage	800-365-7900
Washington Mutual, Inc.	866-926-8937
Wells Fargo Home Mortgage	800-678-7986
Wells Fargo Financial	800-275-9254
Wilshire Credit Corporation	888-917-1050
For an updated list go to www.hopenow.com/mortgage_directory.html	

Filing A Complaint

You can file a complaint if you think a bank or financial institution has been unfair or misleading, discriminated against you in lending, or violated a law or regulation.

To file a complaint, contact:

- Federal Reserve Consumer Help - <http://www.federalreserveconsumerhelp.gov/>
- Federal Trade Commission, Division of Financial Practices - <http://www.ftc.gov/bcp/bcpfp.shtm>
- Financial Institutions Division: for State of Nevada chartered banks, trust companies, credit unions, thrifts, savings & loans - <http://fid.state.nv.us/Forms/FID-Complaint.pdf>
- Division of Mortgage Lending: for Nevada licensed mortgage companies or brokers - http://mld.nv.gov/Forms.htm#complaint_forms
- Office of the Comptroller of the Currency: for national banks (Bank of America, Wells Fargo, US Bank, Citibank, etc.) - <http://www.occ.treas.gov/customer.htm>
- National Credit Union Administration (NCUA) : for Federal credit unions - <http://ncua.gov/ConsumerInformation/Consumer%20Complaints/complaintmain.htm>
- Office of Thrift Supervision (OTS) : for Federal thrifts - <http://www.ots.treas.gov/resultsort.cfm?catNumber=88&dl=17&edit=1>

Glossary

Amortization – The gradual repayment of a mortgage loan with equal periodic payments of both principal and interest calculated to retire the obligation at the end of a fixed period of time.

Annual Percentage Rate – The cost of your loan expressed as a yearly rate. Mortgages include interest, points, origination fees, and any mortgage insurance required by the lender.

Debt-to-Income Ratio – The maximum percent of gross monthly income that can be used for the house payment plus all other debts.

Equity – The difference between the amount(s) owed on your home and the value of the home.

Escrow Account – The account held by a lender for payments of taxes, insurance, or other periodic debts against real property. Part of the borrower's monthly payment goes into this account so funds will be available to pay the taxes, insurance and other impounded matters when due to avoid the need for the borrower to pay a lump sum payment.

Grace Period – The length of time between the due date and the date when a late fee will be charged.

Good Faith Estimate – A written estimate of costs and fees expected for a mortgage loan.

Housing Ratio – The maximum percent of gross monthly income that can be used for a monthly mortgage payment.

Interest Rate – The percentage of a sum of money charged for its use.

Loan-to-Value Ratio – The comparison of the amount of the loan to the value or selling price of real property expressed as a percentage. For example, if a home with a \$100,000 value has an \$80,000 mortgage on it, the loan-to-value is 80%.

Mortgage Insurance - A policy that protects lenders against some or most of the losses that can occur when a borrower defaults on a mortgage loan. Mortgage insurance is required primarily for borrowers with a down payment of less than 20% of the home's purchase price.

Rate Lock – During loan application, a rate lock holds the interest rate for a specific period of time. Sometimes the mortgage lender requires a fee to lock the rate.



Appendix

Document List

“Stay On Top Of It” Communication Log

Frequently Asked Questions

Tips for Avoiding Foreclosure

Document List

The following documents are usually necessary before you begin to work with a mortgage lender, servicer or housing counselor.

Financial Information

- Hardship Letter
- Income worksheet
- Expense worksheet
- Asset worksheet
- Pay stubs for the last 30 days for each member of the household
- Award letter for Social Security/Unemployment/Pension Income
- Federal Tax Returns for at least 2 years
- Bank statements (most current 2 months) for all accounts/assets
- Statements/bills for all household expenses

Loan Documents

- Promissory Note
- Mortgage/Deed of Trust
- ARM Riders to the Note and Mortgage/Deed of Trust
- Prepayment Penalty Rider
- Truth in Lending (TIL) Form
- HUD 1 Settlement/Closing Statement
- Home Equity Loan/Line of Credit documents

Other

- A Release of Authorization letter
- ALL correspondence, letters (opened and unopened envelopes) from banks, courts or anyone regarding your home or the foreclosure
- Any Trustee Sale information from your mortgage company or its attorney
- Evidence of outstanding judgments and tax liens

“Stay On Top Of It” Communication Log

It is important to keep track of all your conversations with your servicer and housing counselor. It is also very important to keep track of all the people working with you including their phone numbers, important dates and action steps. Below is a sample of the kinds of entries to make in your log. Attached to the log should be all of your documents including letters, loans and notices.

- Who did I talk to? When?
- What was discussed?
- What is their phone number?
- Their address?
- When will they call back?
- When am I supposed to call back?
- What notice did I receive and from whom?

Sample Notes for “Stay On Top Of It” Log

Date	Name Ph. Number	Notes about our conversation Call Back (CB), Left Message (LM)
01/10/2010	1-989-243-6666	Spoke with Katie @ Wilshire who requested a Hardship Letter from me. Fax to her @ 1-888-222-0000, then she will CB. If I don't hear from her by 1/15/2010, I will call her.
1/11/2010		Sent Hardship Letter by Fax to Katie.
1/15/2010	1-989-243-6666	LM with Katie to verify she received fax/hardship letter.
1/19/2010		Katie called. Received letter. Now reviewing our file with her manager to decide next step. She will CB next week. Mark calendar to call Katie on 1/26/2010 if she has not called me.
1/27/2010	1-989-243-6666	LM for Katie who has not called as promised. Asked her to call back.
1/28/2010	1-309-7777	Marlon from National called to say their company took over our loan and that he will be my new contact. He has our hardship letter and will discuss with his manager next steps and promised to call back on Monday, Feb. 1 st .

“Stay On Top Of It” Communication Log

Date	Name Ph. Number	Notes about our conversation Call Back (CB), Left Message (LM)

“Stay On Top Of It” Communication Log

Date	Name Ph. Number	Notes about our conversation Call Back (CB), Left Message (LM)

Frequently Asked Questions

Q - Many people have told me that I cannot get help unless I have already missed a payments. Is that true?

A – Do not wait to call your servicer until you are late. If you anticipate having trouble making your mortgage payment, call your servicer. The earlier you contact your servicer the more likely the servicer will be able to find a solution to help you stay in your home. If the servicer tells you they cannot help you until you are late, contact a certified housing counselor.

Q – I received a call from someone who said they could help me save my home. They said that they are a foreclosure counselor. What should I do?

A – Before engaging them to help you, contact your local HUD office to find out if they are a certified housing counselor and can provide the assistance that you need. You can also find this information on www.foreclosurehelp.nv.gov. Never pay any money for foreclosure assistance upfront. In fact, you should not have to pay any money for foreclosure assistance. It is unlikely that a certified housing counselor will be reaching out to you first.

Q – Do I need to see a housing counselor before I contact my servicer?

A – A housing counselor can help you prepare to speak with your servicer and, if you give them permission, can act on your behalf. However, if you are delinquent, you should contact your servicer immediately. At the same time, you can schedule an appointment with a housing counselor. It is likely that you will need the assistance of a housing counselor to create a budget for you and your family, as well as, provide counsel regarding the management of other credit accounts.

Q – I am having a hard time writing my hardship letter and compiling my income and expenses. Should I wait to call my servicer or a housing counselor?

A – Even if you do not have your hardship letter completed and your financial information together, you should not wait to contact your servicer or housing counselor. It's important to get the process started as soon as possible.

Q – I haven't heard from my servicer or housing counselor for several weeks. Should I wait for their call or should I call them?

A – Stay in touch with your servicer and housing counselor. Check in with them every two weeks if they don't call you first or tell you otherwise. Always record your conversations with them on your "Stay on Top of It" log.

Tips For Avoiding Foreclosure

Don't ignore the problem.

Contact your servicer sooner rather than later if you think there may be a problem.

Don't ignore communications from your servicer. Return their calls and open mail from them.

Understand foreclosure prevention options.

Contact a certified non-profit housing counselor.

Review your budget and make changes as necessary. If you don't have a budget, create one and stick to it!

Be aware of foreclosure scams and don't become a victim.

Know your mortgage rights.

Nevada Statewide Foreclosure Prevention Taskforce

Participants

Amalgamated Bank
Bank of America
Bank of Nevada
Charles Schwab Bank
Chase
Citi
City of Henderson, Neighborhood Services
City of Las Vegas, Neighborhood Services
City of North Las Vegas, Office of Housing and Neighborhood Services
City of Reno
City of Sparks, Community Development Department
Clark County, Community Resources Management Division
Community Services of Nevada
Community Services Agency Development Corporation
Consumer Credit Counseling Service
Department of Housing and Urban Development
Fannie Mae
Federal Deposit Insurance Corporation
Federal Home Loan Bank of San Francisco
Federal Reserve Bank of San Francisco
Freddie Mac
HSBC Bank Nevada, N.A.
Neighborhood Housing Services of Southern Nevada
NeighborWorks America
Nevada Bankers Association
Nevada H.A.N.D.
Nevada Legal Services
Nevada Partners
State of Nevada, Department of Business & Industry
State of Nevada, Legislative Counsel Bureau
State of Nevada, Office of the Attorney General
State of Nevada, Office of the Governor
Toyota Financial Savings Bank
U.S. Bank
Washington Mutual
Washoe County Senior Law Project
Wells Fargo
Women's Development Center

