

Department of Housing
and Urban Development

Saving Your Home

This document explains how property owners can
avoid losing their home because of late payments.
For information in Spanish call your lender.

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Este documento explica como los propietarios de casas
pueden evitar perder sus hogares debido a demoras de
pagos. Para informacion en espanol llame a su
prestamista.

- 5) Check with the State Attorney General, the
State Real Estate Commission, or the local
District Attorney's Consumer Fraud Unit
to see if there are prior complaints against
the prospective buyer.

Things to Remember

- 1) Avoid losing your home and damaging your credit history.
- 2) Call or write your mortgage company, immediately.
- 3) Stay in your home. You may not qualify for assistance if you abandon your property.
- 4) Arrange an appointment with a housing counselor to explore your options by calling 1-800-569-4287. (TDD Federal Information Relay Service 1-800-877-8339)
- 5) Cooperate with whatever source of help you call.
- 6) Explore the various alternatives to losing your home.
- 7) Beware of scams.
- 8) Do not sign any papers you do not understand. Signing over the deed does not necessarily relieve you of your obligation on your loan.
- 9) Act now. If you do nothing, you will lose your home.

March 1995
HUD PA-426-H

GPO Stock # 023-000-00815-7

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Q: What happens when I miss my mortgage payments?

Foreclosure will occur if you do not make your monthly mortgage payments. It is the legal means that your lender can use to take over (repossess) your home. When this happens, you must move out of your house. Additionally, if your property is worth less than the total amount you owe on your mortgage loan, you could be pursued by your lender or the Department of Housing and Urban Development for a deficiency judgment. If that happens, you not

only lose your home, but there also would be an additional debt that you would owe to your lender or HUD.

Foreclosure or a deficiency judgment could seriously affect your ability to qualify for credit in the future.

Q: What should I do?

- 1) If you are having problems making your payments, call or write to your lender without delay. Clearly explain your situation to them. Provide them your loan or account number and financial information, such as your monthly income and expenses. Without such information, they may not be able to help.
- 2) Stay in your home for now. You may not qualify for assistance if you abandon your property.
- 3) Contact a HUD-approved housing counseling agency. Call 1-800-569-4287 for the housing counseling agency nearest you. (TDD Federal Information Relay Service 1-800-877-8339) These agencies are a valuable resource. They frequently have information on services and programs offered by Government agencies and private and community organizations. The housing counseling agency may also offer credit counseling, etc. These services are generally free of charge.

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- 4) If you bought your home with a Veterans Affairs (VA) guaranteed loan, call the VA office nearest you.

Q: What are my alternatives?

Your options include:

HUD Assignment. HUD assignment is only available to borrowers with FHA-insured mortgages. If you apply and can qualify, HUD takes over your mortgage

and may allow you to pay a reduced payment for a specified period of time.

Forbearance Relief. Your lender may be able to arrange a payment plan which will bring your account current in a short period of time.

Pre-foreclosure sale. You may choose to try and sell your home before foreclosure can occur. This alternative, if successful, allows you to avoid foreclosure and the effect of a foreclosure on your credit history.

Deed-in-lieu of foreclosure. As a last resort, you may be able to "give back" your property to your lender. This alternative is normally better than foreclosure for the lender and the borrower. As a rule, however, for a deed-in-lieu to be approved, there cannot be second mortgages or liens on the property. The laws of your state may also affect this procedure.

Q: What is the HUD Assignment Program and how does someone qualify for it?

If you meet the following qualifications you would remain in your home and HUD would take over your mortgage. HUD may allow you to repay the mortgage at a slower rate than your lender can permit.

1) Your lender has informed you that it intends to foreclose on your mortgage.

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2) You are behind at least three full monthly payments.

3) The property is your permanent home where you spend most of the year.

4) You do not own any other property subject to an FHA-insured mortgage or property for which HUD is the lender.

5) Events beyond your control caused the

default and made you unable to correct the delinquency within a reasonable period of time and to resume making full mortgage payments.

6) It is likely that you will be able to resume paying full mortgage payments after a period of reduced or suspended payments that cannot exceed 36 months. Also, it is likely you will be able to pay the mortgage off completely by the maturity date of the mortgage, or within ten years of that date, if an extension is granted.

If you apply for a HUD assignment, you will be asked to provide documentation to demonstrate that you meet qualifications #3, #5, and #6 above. In certain situations, you may not be required to meet qualifications #3 and #4 in order to receive approval for a HUD assignment.

Q: Do I qualify for these options?

A housing counseling agency can help you determine which, if any, of these options will meet your needs. You should also discuss these options with your lender.

Q: Should I be aware of anything else?

Beware of Scams! - Beware of simple solutions that turn out to be scams. If you are selling your home without professional guidance or because you are in financial difficulty, beware of buyers who try to rush you through the process. Be alert to the following:

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A "buyer" approaches you and offers to get you out of financial trouble. The "buyer" promises to pay off your mortgage or give you a large sum of money when the property is sold. The "buyer" often suggests you move out quickly and that you deed the property to him or her. The "buyer" then collects rent, does not make any mortgage payments, and allows the

mortgage company to foreclose. This type of scam is called equity skimming.

Signing over the deed to someone else does not necessarily relieve you of your obligation on your loan.

Some groups calling themselves "counseling" agencies may approach you and offer to perform services for a fee. These may be services you could do for yourself, at no cost, such as applying for HUD's Assignment Program or a pre-foreclosure sale procedure or negotiating a payment plan with your lender to help save your home. If you have any doubt about whether to agree to pay for such services, call a HUD-approved housing counseling agency (locate one through the toll free number on page 2,) or your local HUD office.

A few precautions, listed below, could help you avoid equity skimming schemes:

- 1) Do not sign any papers you do not understand.
- 2) Make sure you get all the "promises" in writing.
- 3) Beware of "assumption" where you are not formally released from liability for the mortgage debt and contracts of sale subject to the existing mortgages.
- 4) Check with a lawyer or your mortgage company before entering into any deal involving your home.

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Request for Verification of
Employment

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FmHA form 410-5 VA form 26-8497 form HUD-92004-G
(12/90)
ref. HUD Handbooks 4155.1, 4310.5

APPENDIX B

Mortgage Assignment Program
Request for Financial Information

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form HUD-92201 (3/95)
ref. Handbook 4330.2

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Mortgage Assignment Program
Lender Transmittal to HUD

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Mortgage Assignment Program
Field Office Checksheet
for Positive Mortgagee Recommendations
(Scenario One only)

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APPENDIX B

Mortgage Assignment Program
Application

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Mortgage Assignment Program
Analysis of Borrower's
Income & Expenses

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Mortgage Assignment Program
Analysis & Documentation
of Assignment Eligibility Criteria

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form HUD-92209 (10/25/94)
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Mortgage Assignment Program
Date of Default Analysis

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APPENDIX B

Mortgage Assignment Program
Assignment Request
Case History Sheet

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