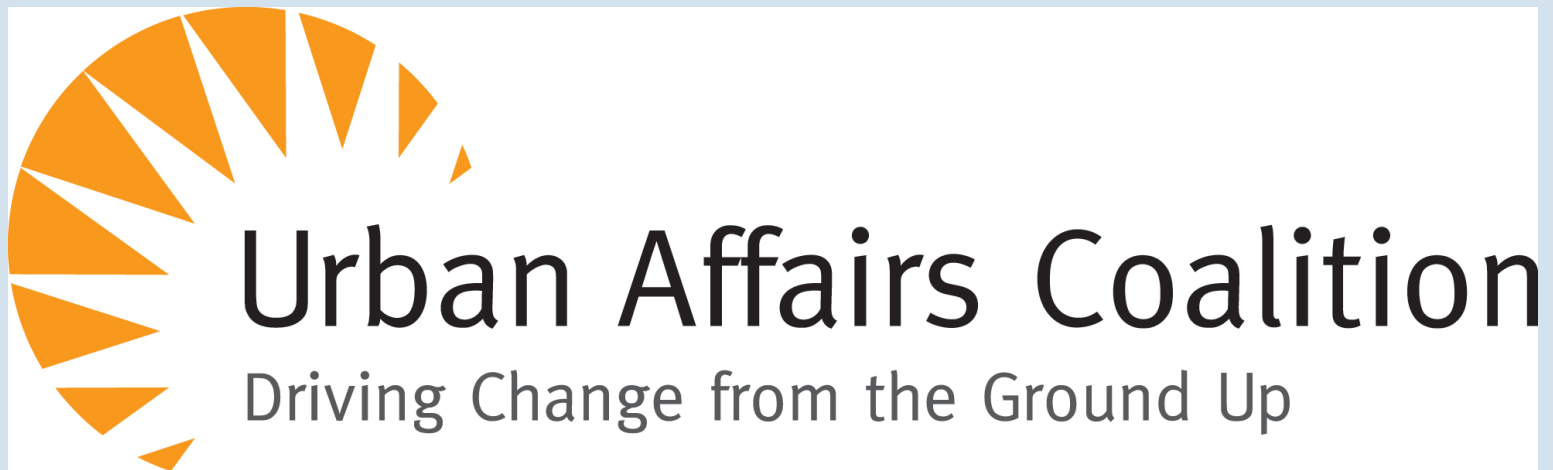




# THE SLIPPERY SLOPE OF FORECLOSURE

*This presentation was prepared for you by the Community and Economic Development Department of the Urban Affairs Coalition*



# Understanding Foreclosure: Basic Facts

- ❑ Foreclosure is a legal process. Your mortgage company is taking legal action to collect the money you owe OR will possess your house instead of the amount owed.
- ❑ You are NOT in foreclosure if you are one or two months behind in your mortgage payments.
- ❑ The Act 91 Notice is a warning from the mortgage company when you fall 60 days behind.
- ❑ At 90 days if you have not responded to the Act 91 Notice, the foreclosure has legally started.

# The Slippery Slope of Foreclosure



**Please refer to your Slippery Slope of  
Foreclosure Brochure**

# The Slippery Slope of Foreclosure



**CODE BLUE**  
SAFE

**CODE GREEN**  
CAUTION

**CODE YELLOW**  
FORECLOSURE

**CODE ORANGE**  
SERIOUS TROUBLE

**CODE RED**  
CRISIS

**CODE GREY**  
LOST

**CODE WHITE**  
SALVAGE



## SAFE

Comfortable making mortgage payments and have funds in reserve.

## CAUTION

Struggling to pay mortgage every month or your mortgage payment is about to increase to an unaffordable amount. Call the SaveYourHomePhilly Hotline: 215-334-HOME (4663)

## FORECLOSURE

The mail is piling up, your mortgage payments are 60 days behind and you've received an Act 91 Notice.

## SERIOUS TROUBLE

Nothing was resolved with your mortgage company. A judgment has been made against you and you've received a notice of the date your home will be sold at a Sheriff's Sale.

## CRISIS

You failed to respond to the judgment and did not reach an agreement with the mortgage company to stop the Sheriff's Sale. Your home is sold.

## LOST

You no longer own the home and must find another residence.

## SALVAGE

Collect yourself, your things and regroup; it's time to get your life back on track.

See Inside for Solutions

# Key Foreclosure Prevention Programs

- ❑ Homeowners Emergency Mortgage Assistance Program (HEMAP)
  - ❑ HEMAP is not a grant.
  - ❑ HEMAP is a loan from the State of Pennsylvania that pays off the amount you owe to the mortgage company, then you make affordable payments back to the state.
  - ❑ Even if you are not approved, the program at least buys you time because the mortgage company cannot proceed with foreclosure when you have an open HEMAP application.
  - ❑ **You can only apply for HEMAP with the assistance of a certified housing counseling agency**, so call an agency nearest you within 33 days from the date of the Act 91 Notice.
  - ❑ Please visit the HEMAP Help Center at [www.hemap.org](http://www.hemap.org)

# Key Foreclosure Prevention Programs

- Philadelphia Court Diversion Program
  - The Court of Common Pleas arranges for homeowners and attorneys of the mortgage company to meet face-to-face and try to work out an agreement to prevent foreclosure.
  - You will be assigned a housing counselor or a pro-bono lawyer (if you qualify) to represent you in court. You're not in this alone!
  - ***Call the Save Your Home Philly Hotline at 215-334-HOME (4663) to get connected to a housing counselor for the Diversion Program.***

# Key Foreclosure Prevention Programs

- ❑ Home Affordable Modification Program (HAMP)
  - ❑ A federal program under President Obama's *Making Home Affordable*.
  - ❑ The program allows a change in the terms of your mortgage to make your payment more affordable:
    - Lower interest rate
    - Extend the term of the loan term extension
    - Reduce the total amount of principal due on the loan
  - ❑ **You should meet with a counselor from a HUD-certified housing counseling agency for assistance with the application.**
  - ❑ Mortgage companies cannot proceed with foreclosure *while* you are applying for HAMP.



# Key Foreclosure Prevention Programs

- ❑ **Home Affordable Refinance Program (HARP)**
  - ❑ A federal program under President Obama's *Making Home Affordable*.
  - ❑ To help borrowers who are underwater (the home purchase loan has a higher balance than the free market value of the home) to refinance into more affordable loans that reduce the interest rate and/or convert adjustable rate mortgages into lower cost fixed-rate loans.
    - Applies only to loans owned, guaranteed and/or securitized by Fannie Mae and Freddie Mac.
    - The refinance improves the long term affordability or stability of the loan.
    - At the time of application, the applicant is current on mortgage payments (no missed payment in prior 6 months, and no more than 1 missed payment in most recent 12 month period).
  - ❑ **You should meet with a counselor from a HUD-certified housing counseling agency to apply.**

# Important Foreclosure Actions

- ❑ If you are worried about falling behind on your mortgage, ***call a housing counselor immediately!***
- ❑ Call the ***Save Your Home Philly Hotline at 215-334-HOME (4663)*** to be connected to a housing counselor or a lawyer.
- ❑ If you are sent a notice with your court date for the ***Philadelphia Court Diversion Program***, **MAKE SURE YOU GO!** This is when going to court is a good thing.

# A special thanks to our funder

Citi Foundation



For making this workshop possible.