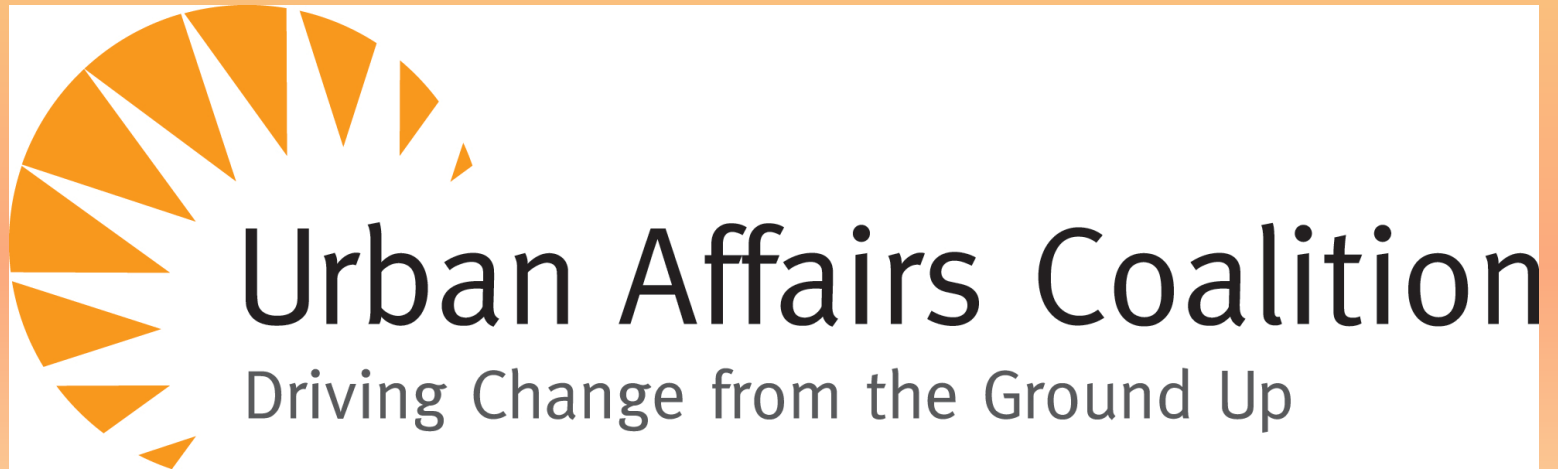


# *Unite to Fight Foreclosure*

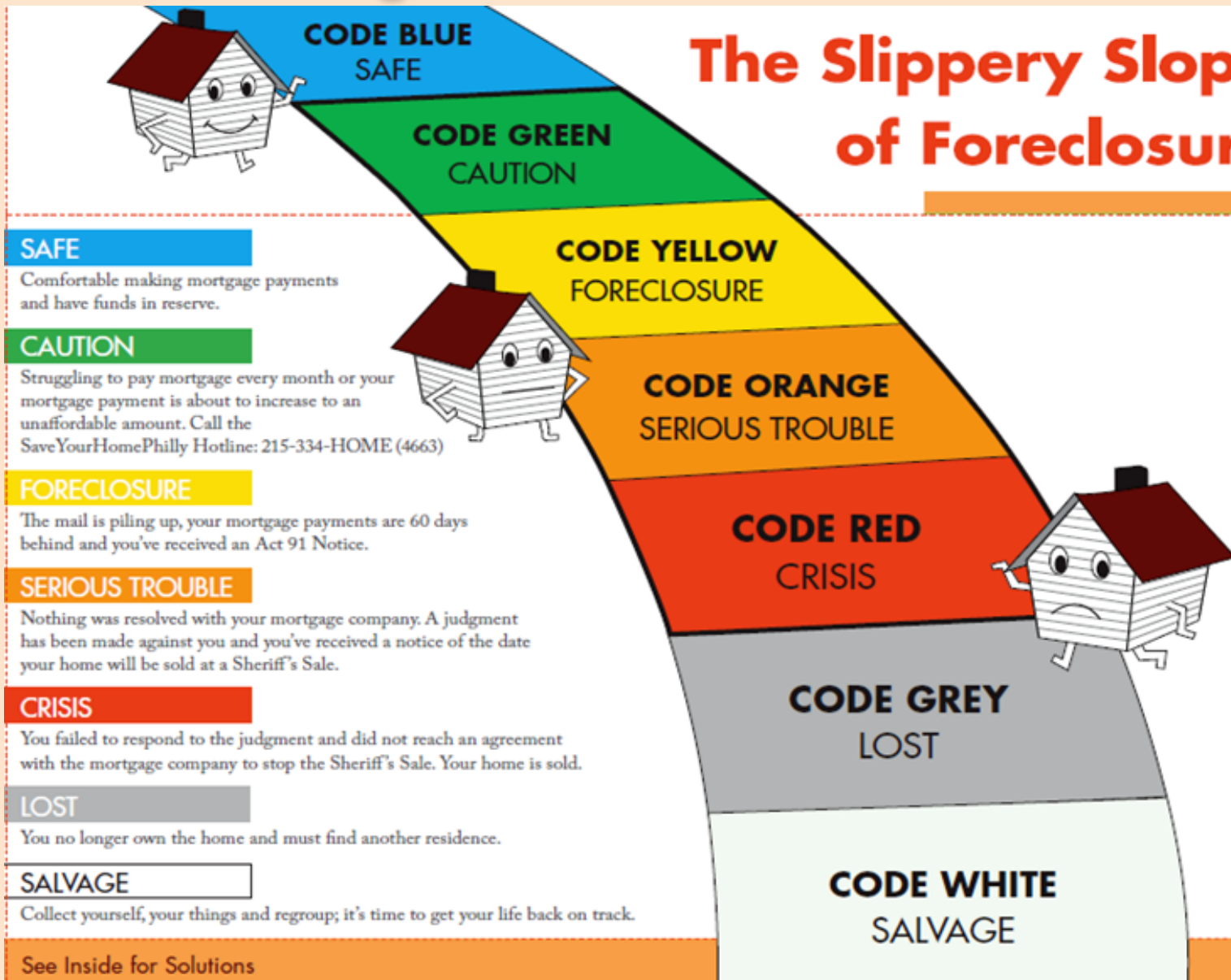
Help your friends and family keep what's theirs!

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



# Understanding foreclosure: How does it work?

## The Slippery Slope of Foreclosure



See Inside for Solutions

## Foreclosure Overview And Actions:

### CODE YELLOW: FORECLOSURE

Steps	What Happened?	What's Next?	Actions to Take
<p><b>Step 1</b> You receive an Act 91 Notice from your mortgage company.</p>	<ul style="list-style-type: none"> <li>You fell at least 60 days behind ("in arrears") on your mortgage payments.</li> </ul>	<ul style="list-style-type: none"> <li>This is the official start of foreclosure.</li> <li>The mortgage company considers you to be in "default."</li> </ul>	<ul style="list-style-type: none"> <li>Call the <b>Save Your Home Philly Hotline at 215-334-4663</b> to meet with a housing counselor.</li> <li>Meet with a housing counselor within 33 days of the date on the Notice in order to apply for the "Homeowners Emergency Mortgage Assistance Program" (HEMAP), which is a loan to help you pay your mortgage arrears.</li> <li>If you have an FHA loan you will receive a notice telling you your rights, not an Act 91 Notice.</li> <li>Whether or not you have an FHA loan, you have 30 days to "cure" the delinquency by paying the arrears.</li> </ul>
<p><b>Step 2</b> You receive a Complaint.</p>	<ul style="list-style-type: none"> <li>Your HEMAP application was denied, or you did not meet with a housing counselor within 33 days of the Act 91 notice, and you did not pay your arrears.</li> <li>No agreement was reached with the mortgage company.</li> </ul>	<ul style="list-style-type: none"> <li>The mortgage company files a legal document in the local Common Pleas Court, called a "Complaint".</li> <li>The Complaint claims you are in default of the mortgage. A process server will deliver the Complaint in person, or will post it to your door.</li> <li>If you live in Philadelphia, the Court will automatically schedule a court date called a Conciliation Conference. The conference is a chance for you, your housing counselor, and the mortgage company to negotiate a workout.</li> </ul>	<ul style="list-style-type: none"> <li>Call the <b>Save Your Home Philly Hotline at 215-334-4663</b> to receive legal guidance and to schedule an appointment with a housing counselor in order to prepare for your Conciliation Conference.</li> <li>Meet with your housing counselor, who will prepare and send a proposal for a workout to the mortgage company at least ten days before the Conciliation Conference.</li> <li>Obtain the services of a lawyer to answer the Complaint. Make sure your lawyer knows what your housing counselor is doing, and vice-versa.</li> </ul>

# Foreclosure Overview And Actions:

## CODE ORANGE: SERIOUS TROUBLE

Steps	What Happened?	What's Next?	Actions to Take
<p><b>Step 3</b></p> <p>You receive an "Important Notice" letter.</p>	<ul style="list-style-type: none"> <li>You did not respond to the Complaint within the 20 day timeframe.</li> </ul>	<ul style="list-style-type: none"> <li>The mortgage company lawyer will send you an "Important Notice" letter, informing you that you have not responded to the Complaint and that a "Default Judgment" may be entered against you.</li> </ul>	<ul style="list-style-type: none"> <li>If your lawsuit was filed after September 8, 2008, a "Default Judgment" cannot be entered against you until the Conciliation Conference takes place.</li> </ul>
<p><b>Step 4</b></p> <p>A "Default Judgment" is entered against you.</p>	<ul style="list-style-type: none"> <li>You were not able to enter into a workout at the Conciliation Conference, and a future Conciliation Conference was not scheduled.</li> </ul>	<ul style="list-style-type: none"> <li>The mortgage company takes a "Default Judgment" against you.</li> <li>Your house is scheduled for a Sheriff's Sale about three months in the future.</li> <li>The Sheriff's Sale is a public event that is similar to an auction and your home will be sold to the highest bidder.</li> </ul>	<ul style="list-style-type: none"> <li>If you have not yet done so, applying for the Home Affordable Modification Program will delay the Sheriff's Sale. FHA loans are not eligible.</li> <li>If you file a Petition To Postpone Sheriff Sale, the Court may delay the sale for a month or two.</li> <li>Filing bankruptcy will prevent the Sheriff's Sale from taking place, at least until the bankruptcy is over or the Bankruptcy Court allows the mortgage company to proceed with the sale.</li> <li>If a Conciliation Conference is scheduled for after the Sheriff's Sale date, the Court will order the Sheriff to postpone the Sheriff's Sale.</li> <li>A lawyer may be able to undo the "Default Judgment." Even if your home is scheduled for Sheriff's Sale and the Conciliation Conference process is over, you can still try to work out a deal with the mortgage company with the help of your housing counselor.</li> </ul>

# Foreclosure Overview And Actions:

## CODE RED: CRISIS

Steps	What Happened?	What's Next?	Actions to Take
<p><b>Step 5</b> The property is sold at the Sheriff's Sale.</p>	<ul style="list-style-type: none"> <li>You are not able to prevent the Sheriff's Sale from taking place.</li> </ul>	<ul style="list-style-type: none"> <li>You still own the house, but in about one month, the Sheriff will transfer the deed to the purchaser, although only if the purchaser pays the full amount. Only then does the purchaser become the owner of the house.</li> <li>If you choose to remain in the house, the new owner has the right to demand fair market value rent.</li> </ul>	<ul style="list-style-type: none"> <li>Your lawyer may be able to "set the sale aside" if there were procedural irregularities in the foreclosure process.</li> <li>Find out from the Sheriff's office who the new owner is (it is usually the bank).</li> <li>Suggest "cash for keys" – money for you to promise to move out by an agreed upon date, or ask to stay in your house and pay rent.</li> <li>If you do not reach an agreement with the new owner, they will most likely file an ejectment lawsuit against you.</li> </ul>

# Foreclosure Overview And Actions: CODE GREY: LOST

Steps	What Happened?	What's Next?	Actions to Take
<p><b>Step 6</b> You receive a "Complaint in Ejectment."</p>	<ul style="list-style-type: none"> <li>You are still residing in the property and you have not yet worked out an agreement with the new owner.</li> </ul>	<ul style="list-style-type: none"> <li>Only the Sheriff can evict you from the home, and the Sheriff will not evict you until the new owner has filed an "ejectment" lawsuit against you and is successful in obtaining a "Writ of Possession" from the Court.</li> <li>You will be served with a "Complaint in Ejectment." If you do not respond within 20 days, the lawyer for the new owner will send you an "Important Notice" letter, informing you that you have not responded to the Complaint and that a "Default Judgment" may be entered against you.</li> </ul>	<ul style="list-style-type: none"> <li>Obtain the services of a lawyer to respond to the Complaint in Ejectment and defend you in the ejectment lawsuit. You have 20 days from the date you are served with the Complaint to respond.</li> </ul>
<p><b>Step 7</b> The Sheriff has given you a move-out date.</p>	<ul style="list-style-type: none"> <li>A judgment was entered against you in the ejectment lawsuit, either because you did not respond to the Complaint, or because you were unsuccessful in defending against the ejectment lawsuit.</li> </ul>	<ul style="list-style-type: none"> <li>If you stay in the property beyond the move-out date a deputy sheriff will evict you.</li> </ul>	<ul style="list-style-type: none"> <li>Look for alternative housing.</li> <li>If you cannot move your belongings to a new residence, box up your personal belongings so that when the Sheriff comes to evict you, your personal belongings will not be damaged.</li> <li>The Sheriff's office will transport your personal belongings to your new residence. If you do not have a new residence, the Sheriff's office will put your belongings in a self-storage facility, and the Sheriff's office will expect the new owner to pay for the first month of storage.</li> </ul>

# Professional advice!

The following information was provided to UAC  
by Dr. Dandridge Collins, PhD., a licensed  
Pennsylvania psychologist.



# What should you be aware of?

- Basics of the foreclosure process and the resources available to homeowners.
- This is a stressful procedure people go through that can leave them feeling embarrassed or ashamed.
- The sense of being unable to save your home can result in isolation or irrational behavior.
- When people are experiencing overwhelming stress they need relief and comfort.

# What should you be aware of?

- ▶ The sooner homeowners take action the more likely the foreclosure process will be stopped. Time is of the essence!
- ▶ You don't have to be a behavioral health professional to be helpful to your friends and family.
- ▶ Be yourself and do what you always do. Simply incorporate some of the following principles in helping your loved ones during their time of need.

# What should you be aware of?

- ▶ Foreclosure is stressful and can be traumatic!
- ▶ There are five common responses people have to stress:
  - Imbalanced emotions
  - Inability to distinguish the past and present
  - Inaction
  - Inability to learn from mistakes
  - Ignoring the problem
- ▶ It will be difficult to help your loved ones, but it is possible!

# #1: Imbalanced emotions

- What does this mean?
  - Psychological distress causes many people to over-react or numb out.
- How can you help?
  - Focus on emotional balance. Allow the person to be upset, but then help them understand they can take actions to keep their life together.
  - Don't allow them to isolate themselves, offer help.
  - Remember the four useless emotions and avoid them: Panic, Worry, Rage and Despair.
  - Dwelling on these emotions will make the foreclosure process more difficult.

## #2: Inability to distinguish the past and present

- What does this mean?
  - Trauma can't tell time. Problems from the past and present seem to merge.
  - Memories of traumatic experiences may even affect their ability to concentrate on saving their home.
  - Be aware that many homeowners experiencing foreclosure have had money management problems in their history.
- How can you help?
  - Focus on the here and now to tackle the issue at hand.
  - If they have nightmares, flashbacks and intrusive thoughts, listen to what they say, but then remind them that those things have passed and get them back on track.
  - Redirect consumers away from past difficulties to practical help you can offer right now.

# #3: Inaction

- What does this mean?
  - When people become overwhelmed, they become stuck, sometimes for years.
  - Many people shut down as a way of “managing” their stress.
  - Recognizable signs of shut down include making promises but not following through on them.
- How can you help?
  - Encourage follow through. If there is paperwork they need to fill out and submit, check-in to see that they are doing so.
  - Provide do-able action steps (see “The Slippery Slope of Foreclosure”).
  - Reinforce follow-through behavior with encouragement.
  - Let them know life does go on if they make the effort to move it forward.

## #4: Inability to learn

- What does this mean?
  - Traumatized people tend to make the same mistakes, repeatedly.
- How can you help?
  - Reinforce the idea that mistakes are okay. We all make them so we can learn not to make them again.
  - Allow your mistakes to become your mentors not your tormentors.
  - Encourage that this is a time to break the cycle and start anew.
  - Highlight old patterns that created the problem, such as spending the mortgage payment on Thanksgiving dinner.
  - Outline new do-able behaviors, such as making the mortgage payment the first financial priority. This will restore credit worthiness for future endeavors.

# #5: Ignoring the problem

- What does this mean?
  - Some people avoid problems in the hope that it will just go away.
  - Make it clear to your loved one this is the worst thing they could do in stopping foreclosure.
  - The more time that passes without action, the deeper the problem gets and the more difficult it becomes to fix it.
- How can you help?
  - Let them know you understand that avoidance of something is stressful but reinforce that it is not helpful.
  - Counsel that avoidance is a disaster strategy with financial institutions.
  - Advise them that true relief will come by addressing the problem. For example, seeking professional help from a housing counselor to work with the mortgage company and trying to modify the terms of the mortgage to make it more affordable.



# Important contacts

- ▶ SaveYourHomePhilly Hotline:
  - 215-334-HOME (4663)
- ▶ Call your local housing counseling agency:
  - Visit <http://phila.gov/ohcd/cslgagencies.htm> for a complete list

# The Slippery Slope

## The Slippery Slope of Foreclosure

**Foreclosure is a complicated process** that is financially and emotionally challenging. This guide was created to help homeowners understand their individual circumstance and take control. Although foreclosure may be overwhelming, it is vital that homeowners take action and get help as soon as possible! The longer homeowners wait to get help, the more difficult it becomes to get out of the situation.

### How to use this guide

**Homeowners can easily identify what** stage they are in and seek the appropriate assistance. To use the brochure:

1. **See inside: The Slippery Slope of Foreclosure.**
2. **On the slope, find the color that best matches what you're going through.**
3. **Match your color to the detailed action information to learn what you can do!**

### Don't go through foreclosure alone

**Contact a nonprofit housing counselor** or lawyer for assistance. They are professionals who understand foreclosure and know how to communicate effectively with mortgage companies.



Call the SaveYourHomePhilly Hotline at 215-334-HOME (4663) to schedule an appointment with a housing counselor.

For additional home foreclosure information or assistance, please call the

**SaveYourHomePhilly Hotline**  
at **215-334-HOME (4663)**.



**Urban Affairs Coalition**

Driving Change from the Ground Up

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Brochure design and printing made possible by



We hope you found the Slippery Slope brochure helpful. You can order a Friends and Family companion piece that focuses on the emotional affects of foreclosure by contacting us at [foreclosure@uac.org](mailto:foreclosure@uac.org).

# The Slippery Slope

## of foreclosure

Look inside for easy steps  
to prevent home foreclosure



**Urban Affairs Coalition**

Driving Change from the Ground Up

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Citi Foundation



For making this workshop possible.