Foreclosure Prevention Manual

Materials developed to train housing counselors about foreclosure prevention issues. Designed according to national trainings, topics covered include predatory lending, understanding Michigan's foreclosure process, and the mortgage lending industry.

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DISCLAIMER

This material should be used as a reference only. **It is not a substitute for legal advice.** The law changes frequently. The information provided may not apply to your specific set of facts or circumstances. If you require legal advice, please consult your attorney. Nonprofit organizations are encouraged to contact Michigan Community Resources to apply for pro bono legal assistance.

Foreclosure Prevention

a product of Community Legal Resources

Connecting Lawyers and Communities

Community Legal Resources
615 Griswold, Suite 1400
Detroit, MI 48226
Phone: 313-962-3171
Fax: 313-962-0797
www.clronline.org

The *Foreclosure Prevention Manual* was made possible through the generous support of the **Michigan State Housing Development Authority** (MSHDA).

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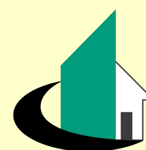

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INTRODUCTION

Community Legal Resources (CLR) has developed these materials to train housing counselors about foreclosure prevention issues. The outline for the materials was designed according to national trainings and covers such topics as predatory lending, understanding the Michigan foreclosure process, and the mortgage lending industry.

The impact of the foreclosure crisis can be felt throughout Michigan. Public officials, community leaders, and organizations are all looking for ways to respond to this situation. One approach is to be proactive and focus on preventative measures. Education is key to a proactive approach, and CLR is pleased to contribute to the effort to provide increased foreclosure education.

While these materials were created for housing counselors, they can be useful to anyone interested in learning more about foreclosure prevention.

Community Legal Resources is a nonprofit organization that provides pro bono legal assistance to nonprofit organizations in Michigan that serve a disadvantaged community or population. In addition, CLR has an Education Program that provides workshops and publications on legal issues relevant to the nonprofit industry.

Examples of legal assistance CLR provides include:

- Reviewing leases
- Updating or drafting organizational bylaws
- Clearing title on land for redevelopment
- Reviewing employee policies and advising on hiring/firing
- Negotiating consultant contracts
- Settling disputed bills with third parties
- Working with government agencies on tax and compliance issues
- Answering questions about board responsibilities and conflicts of interest
- Filing state and federal licensing paperwork
- Closing on the purchase of land or real property

For more information or eligibility requirements, please contact:

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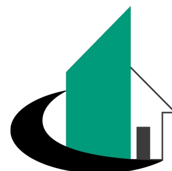
615 Griswold
Suite 1400
Detroit, MI 48226
(313) 962-3171
www.clronline.org



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Foreclosure Prevention Curriculum Review Team

Lorray S.C. Brown, *Michigan Poverty Law Program*

Tracie Coffman*, Home Repair Services of Grand Rapids*

Moonson Eninsche, *Washtenaw Treasurer's Office*

Donna Garcia, *Neighborhoods Inc.*

Heather Mooney, *Washtenaw Treasurer's Office*

Yvonne Powell, *Neighborhoods Inc.*

Nina Rodriguez, *Southwest Housing Solutions*

This project was made possible through the generous support of the **Michigan State Housing Development Authority** (MSHDA).

Foreclosure Prevention Materials Legal Team

Lorray S.C. Brown, *Michigan Poverty Law Program*

Robert S. Bolton*, Jaffe Raitt*

Tracie Coffman*, Home Repair Services of Grand Rapids*

CLR Staff

Heidi Mucherie, *Executive Director*

Sarida Scott, *Legal Director*

Malika Heath*, DVPC Project Director*

Danielle Bober, *DVPC Project Manager*

Leor Barak, *Pro Bono Program Manager*

Michael Brady, *Special Legal Projects Program Manager*

Sara Jean Baker, *Office Manager/Program Associate*

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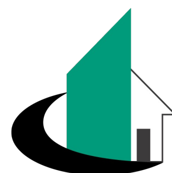

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DISCLOSURE

The law regarding homeowners' & tenants' rights, mortgage foreclosure, and eviction changes frequently in light of the current foreclosure crisis. If you are facing an issue in these areas of law, Community Legal Resources recommends that you contact us at (313) 962-3171 or your own attorney for the most current information.

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I. UNDERSTANDING THE BIG PICTURE

A. Mortgage Lending

i. How the industry works

With the number of variables in the industry, even seasoned mortgage professionals can sometimes get overwhelmed trying to understand all of the key players, products, and processes. However, there are certain major concepts that tend to remain constant, and recognizing these constants is crucial in providing the best possible advice to homeowners.

Mortgage Brokers and Direct Lenders

A **mortgage broker** is an intermediary between borrowers and lenders. A broker may have access to several lenders and can essentially shop for the best rates and terms for the borrower. Brokers are paid on commissions based on the amount borrowed.

Instead of using a broker, some borrowers shop for rates and terms on their own by using **direct lenders.** Most direct lenders employ **loan officers** or **mortgage bankers** who pair borrowers with their company's specific loan products.

Regardless of whether a borrower is dealing with a mortgage broker or a direct lender's loan officer, the person who assists with filling out the application, coordinates getting the appraisal and other documents required for the loan, and arranges for the closing is called the **originator**.

ii. Loan Production

Origination

This is the stage where the loan first comes into existence. It begins with a **loan application**. An application typically requires the following information:

1) Purpose of the loan
2) Intended use of the property
3) Borrower's personal information
4) Employment information
5) Monthly income and expenses
6) Assets and liabilities

Lenders generally use the Uniform Residential Loan Application (URLA). Depending on the type of loan, the lender may require various documents, including bank statements, paycheck stubs, W-2s, tax returns, or other documentation that establishes the borrower's ability to repay the loan.

Some of the most popular types of loans include:

30-year Fixed Rate Loan – This loan follows a 30-year amortization schedule with a fixed rate for the life of the loan.

Adjustable Rate Loan – The interest rate is adjusted annually in reference to the prevailing interest rates, such as the London Interbank Offered Rate Index (LIBOR).*

Hybrid Loan (ARM) – The interest rate is fixed for the first few years and becomes adjustable thereafter.*

Government Loans (FHA/VA) – Agencies reduce the risk to lenders by providing insurance or guaranteeing the repayment of loans. Only certain borrowers qualify.

**Additional details on ARMS*

An **Adjustable Rate Mortgage** is one in which the interest rate is not fixed over the life of the loan, but will instead "adjust" every six months or a year based on a predetermined index. Borrowers who are getting into an ARM need to understand clearly: (1) how much their rate can adjust, (2) how frequently it can adjust, and (3) whether there is any ceiling on the interest

rate, (a) either per adjustment or (b) over the life of the loan. They also (4) need to understand what impact the adjustments will have on their monthly payment, and make sure that they can afford the increased monthly payment. Lastly, (5) they need to know if their rate is attached to index or LIBOR.

Legitimate ARMs will have a ceiling on the amount the rate can adjust at any one time (e.g., the rate will not increase more than 1% at any adjustment period), and will also have a cap on the maximum rate chargeable on the loan (e.g., the rate will never exceed 10%).

Option ARMS
An **option ARM** is an ARM in which the borrower is given the option of making regular payments, interest-only payments, or some other fixed amount, for a set period of time.

Borrowers will receive certain disclosures around the time of application. The Real Estate Settlement Procedures Act (RESPA) requires lenders to provide borrowers with a **Good Faith Estimate (GFE)** within three days after the application is received or prepared. Borrowers will also receive an advance **Truth in Lending (TIL) form**, which estimates the charges for the loan, the finance charges, and the **Annual Percentage Rate (APR)**.

The APR is the cost of credit expressed as a yearly rate. It is usually higher than the interest rate for the loan, because it takes points and fees into account. These and other disclosures are meant to assist borrowers in comparing credit terms.

Processing

Once an application is complete, it is sent to a **processor**. A processor verifies the information supplied in the application, and gathers additional documentation. This additional documentation includes a credit report and an appraisal of the property.

Appraisals

Lenders require an appraisal to fund a residential mortgage loan in order to estimate the value of the residence. It's important to remember that the loan may not go through or may be more expensive than originally estimated if the appraisal is not high enough. Many lenders will not fund a loan if the loan amount is more than a certain percentage of the value of the house. This percentage is known as the loan-to-value ratio, or LTV. Generally speaking, most lenders are comfortable with an LTV of 80% or less, for example a loan for $80,000 on a house that appraises for $100,000. While many lenders will fund loans with a higher LTV (even up to 100%), this represents more risk for the lender, and usually means that the lender will require a higher interest rate.

Underwriting

Once processed, a loan package is reviewed by an **underwriter**. The underwriter analyzes the risk of a loan package and matches it to a permanent investor in the **secondary market**. The secondary market is the market where lenders sell mortgage loans to investors such as pension funds, insurance companies, or governmental agencies. Different investors have different underwriting requirements. Some large players in the secondary market are Ginnie Mae, Fannie Mae and Freddie Mac, and the Michigan State Housing Development Authority (MSHDA).

Closing

After underwriting, a loan progresses to **closing**. A closer prepares, assembles and reviews the legal documents involved in carrying out the mortgage transaction. The key documents include:

1) **Note** – The note memorializes the promise to repay the loan. It includes the amount being borrowed, the interest rate, the **term** (amount of time the borrower

has to repay the loan) and the repayment terms.

2) **Mortgage** – The mortgage secures the repayment of the debt. It also usually secures other obligations, like maintaining the property in good repair. The mortgage provides that if a borrower defaults, the lender can foreclose the loan, take possession of the property, and become the owner.

iii. Loan Administration (Servicing)

After closing, a loan officer transfers the loan package to a **servicer**. The servicer mails mortgage payment coupons to the borrower, along with an amortization schedule and a welcome letter.

When the borrower makes payments, the payments are handled through a process called **mortgage accounting**. Mortgage accounting, or the receipt and disbursement of money, is generally divided into cash processing (the administration of payments received by borrowers) and investor accounting (the process by which funds are remitted to investors). Servicers retain fees for administering loans, usually expressed as a percentage of one percent of the unpaid principal balance of the loan.

B. Predatory Lending

Predatory lending generally refers to loan originators who attempt to force a borrower into borrowing more than the borrower needs and/or is able to afford. It can also refer to originators who seek to increase the amount of various fees charged in connection with a mortgage. In either case, the loan originator is attempting to increase the money it makes on a loan at the borrower's expense. Predatory lending can occur with borrowers who are new to the lending process (for example, first time homebuyers), or with borrowers who do not understand how mortgage loans work. It also frequently occurs with borrowers who are refinancing.

In order to avoid predatory lending it is important that borrowers understand what they are getting into when applying for and subsequently obtaining a residential mortgage loan. A residential mortgage loan is a very complicated transaction. It is also a very serious transaction for the borrower. But for most of us a mortgage loan is the only way we can afford to purchase a home, and in the vast majority of cases you will be assisted by competent professionals who are trying to help you achieve your dream of home ownership.

i. Ways that Predatory Lending Can Happen

Originator over qualifies the borrower

One of the ways that a loan originator – either a mortgage broker or a loan officer – can earn more money is by increasing the amount of the loan. Mortgage brokers are typically compensated based on a percentage of the loan amount. Thus, if a broker's compensation (usually in the form of an origination fee or similar fee) is set at 3% of the loan, the broker will make more money on $125,000 loan than on a $100,000 loan.

Predatory originators usually increase the amount of the loan in one of two ways: Either by falsifying the borrower's information on the loan application, or by obtaining a fraudulently inflated appraisal.

1) *Falsification of Borrower Information*

First, the originator may falsify the information on the loan application. The loan application contains all kinds of information that the lender uses to qualify the borrower for the requested loan amount and to determine the appropriate interest rate, including whether the loan is for a purchase or a refinance, the

borrower's employment and asset information, and other real estate owned by the borrower. In some cases, a predatory originator will even go so far as to falsify documents used to support the information on the loan application, including forging W-2s or submitting false verifications of employment.

Often if a borrower notices and asks about these inaccuracies, the originator will assure the borrower that it's for his or her own good. After all, a higher loan amount may be necessary to meet the seller's purchase price; or the borrower may be able to use the extra money to pay of other debts such as credit cards or other loans.

A borrower should steer clear of originators who supply false information. First, lenders have standards for a reason – over years and years, they have a pretty good idea of how likely it is that a borrower will be able to make his loan payments. And second, if information has to be falsified in order to meet the lender's standards, there's a good chance the borrower is getting into a loan that s/he cannot afford.

The other reason is that when you sign a loan application, you are representing to the lender that the information is true and accurate. In recent years, as foreclosures have increased and property values have gone down, many lenders have not been satisfied to simply foreclose on a house and sell it at a loss. Often, they will sue anyone who was involved in the transaction for mortgage fraud – including the borrower. So if you sign a fraudulent loan application, you may end up not only being unable to make your payments and losing your house, but you could also end up as the defendant in a lawsuit.

2) *Overinflated Appraisals*

The second way that an originator can fraudulently increase the amount of the loan is by obtaining an inflated appraisal. Sometimes, the appraised value will make the LTV too high for the lender's standards. An unscrupulous originator, however, will pressure the appraiser to submit a new appraisal that "hits the value" necessary to get the lender's approval. Again, this might seem like a good thing for the borrower, because the originator is working to help the borrower get the loan needed to purchase the house. But this is a sign that the borrower is paying too much for the house, or that the borrower needs to make a bigger down payment. Thus, the borrower should always be on guard when an originator delays a closing because of "trouble with the appraisal." And borrowers should always ask their originator if more than one appraisal was done on the house they are getting ready to buy.

Excessive or Undisclosed Fees

Every loan transaction involves a host of fees that are confusing to even the most sophisticated and experienced borrowers. And in the vast majority of cases, these fees are appropriate and reasonable. An unscrupulous originator, however, will frequently impose "surprise" fees at the last minute, sometimes even assuring the borrower that a fee is a "typo" that will be taken care of after the closing.

So how does a borrower tell when a fee is "predatory"? There are two documents that can help a borrower in this situation: The "Good Faith Estimate of Settlement Costs" and the "Truth in Lending Disclosure". You should receive both of these documents within a few

days after you fill out your loan application – if you don't, you need to call your originator and ask for them. The Good Faith Estimate tells you the fees that you can expect to pay in connection with your loan. It is an estimate, and thus some of these fees may change between the time you apply for your loan and when you sit down for the closing. But this form should help you avoid any surprises at closing, because the fees are listed according to their corresponding line on the Settlement Statement, which is the document that you will sign at closing that details how all of the fees will be paid and how the loan proceeds will be disbursed. If you see fees on your Settlement Statement at closing that either were not listed on the Good Faith Estimate, or fees that have dramatically increased, ask you originator or your settlement agent to explain the fee to you. If they can't, ask them to remove the fee.

Here are a few specific fees to look out for:

1) *Prepayment Penalties*

Some loans include a prepayment penalty, which is a fee that is charged by the lender to the borrower in the event that the borrower pays off the loan within a certain period of time prior to the end of the loan term. Prepayment penalties are not illegal, and they can be a legitimate means of the lender reducing its risk of the borrower paying the loan off early. Prepayment penalties can also be used by predatory lenders, however, to trap a borrower into an unfavorable and overly expensive loan.

If prepayment penalties are to be charged on your loan, this should be disclosed on the Truth in Lending Disclosure you should receive shortly after completing your application. (Again, if you don't get a copy of this, you need to ask for it from your originator). By law, the originator is obligated to check a box stating either that there "may" be a prepayment penalty or their "will not" be a prepayment penalty. Many predatory originators simply check neither box, then include a prepayment penalty either in the Note signed at closing, or in a "Prepayment Rider" to the Note.

This is especially true in some adjustable rate mortgages ("ARMs", discussed below), in which a low introductory interest rate will change after a certain period of time (sometimes a quickly as within six months of the loan being made). Borrowers can often get trapped into high cost loans when the prepayment penalty period is longer than the introductory rate on their ARM – once the introductory rate is gone, they are either forced to pay the higher rate or pay a significant prepayment penalty if they try to refinance their loan. Remember, the prepayment penalty will apply even in a refinance, because although from the borrower's perspective the loan is not "paid off", from the lender's perspective it is.

The trick, as always, is to ask if there is a prepayment penalty. If the originator says no, make sure the "will not" box is checked on the TIL Disclosure form, and make sure there is no provision for prepayment penalties in the Note or in any other documents signed at closing.

2) *Undisclosed Loan Origination Fees*

The origination fee is the main source of the originator's compensation for doing a loan. Again, there is nothing wrong with the originator being compensated for its work in putting together a loan. But this fee should be disclosed on the Good Faith Estimate form. Many predatory lenders will either not disclose the fee in advance,

or will alternatively say something to the effect of, "This loan may have an origination fee of 0-4%." If this is the case, you can all but guarantee that a 4% origination fee will be charged to the borrower at the closing. This fee may have many different names – it can be called a "broker fee," or some other name. If the Settlement Statement shows an origination fee that was either not disclosed in the Good Faith Estimate provided prior to closing, or is significantly higher than the fee shown on the Good Faith Estimate, this is a sign of predatory lending.

3) *"Yield Spread Premiums," "Points," and "Discount Fees"*

A mortgage broker can receive additional compensation through the use of Yield Spread Premiums ("YSPs"), points, or discount fees. The way these fees work is as follows: Lenders give the broker a "par rate" for the loan – say 7%. Par rate is the lowest interest rate for which a borrower qualifies. The broker can increase his compensation in a couple of different ways. First, he may tell the borrower that the best rate without points is 8%. In this case, the lender will often pay the broker a YSP based on the "spread" between the interest rate and the "par rate." The YSP should be disclosed on the Good Faith Estimate form as well as the Settlement Statement. While the borrower does not pay this fee directly, the borrower needs to understand that the broker is making this additional compensation at the borrower's expense, i.e., through the higher interest rate.

Another way a broker can increase his compensation is by offering the borrower the opportunity to "buy down" the interest rate by paying "points" or a "discount fee." Again, assume the lender has given the broker a "par rate" of 7%. The broker may tell the borrower that the best rate he can get is 8%, unless the borrower is willing to pay points to lower the interest rate. 1 point is equal to 1% of the loan amount, thus if the borrower is paying 1 point to buy down the rate, the borrower is paying additional compensation to the broker equal to 1% of the loan amount.

There is nothing inherently wrong about brokers increasing their compensation through the use of YSPs or points. **All of these fees, however, should be disclosed to the borrower in advance of closing.** Predatory brokers will either not disclose the fees in advance, or may try to take advantage of unsophisticated borrowers by getting them into a high interest rate loan simply to increase the broker's compensation. Borrowers need to be aware that they can negotiate things such as YSPs and points, and they should also "shop around" to several different brokers in order to find the one that will get them the best rate at the lowest cost.

4) *Taxes and Insurance*

Many lenders will require the borrower to escrow funds sufficient to pay the borrower's real estate taxes and home insurance, others will give the borrower the option of paying these items directly by themselves. For many people, escrowing payments is a convenient way to ensure that these payments will be made, and there is nothing predatory about a lender setting up such an escrow. Predatory originators, however, will sometimes attempt to "hide" the true amount of the monthly payments by

telling the borrower the amount of the monthly payment without accounting for taxes and insurance. The borrower is then surprised when the loan servicer demands a payment that can be several hundred dollars higher. Whether the borrower escrows these payments or chooses to make them directly, however, the borrower should calculate these costs (which can add hundreds of dollars to a monthly payment, or alternatively show up as a tax bill for thousands of dollars) into figuring out whether the offered loan is affordable.

Adjustable Rate Mortgages ("ARMs")

1) *Typical ARMs*

See above section for description of ARMs. While there is nothing inherently predatory about ARMs, many predatory lenders in recent years have encouraged borrowers to enter into loans that at first blush appear to be a good deal based on a low introductory interest rate, but thereafter reset to a much higher rate.

2) *Balloons*

A balloon mortgage is different than an ARM in that the interest rate does not reset, but rather the loan becomes payable in full at the end of the introductory period. For virtually every borrower, this means that they will be forced to refinance at the end of the introductory period. Most balloon mortgages have a lengthy (i.e., 7 years or more) introductory period, and there is nothing inherently predatory about it because the borrower will presumably have opportunities to refinance during that time period. A balloon with a comparatively short introductory period, however, may be predatory, particularly in today's credit market, because the borrower will be unlikely to refinance on similarly favorable terms at the end of the introductory period. In this case, borrowers may be forced into loans with terms they cannot afford, or they may not be able to refinance at all and may end up losing their home.

3) *Option ARMs*

Predatory lenders will "sell" these mortgages to borrowers based on the low monthly payment (i.e., the "less than interest-only payment"), without telling the borrower that the balance due on the loan is growing in the interim. Then, when the introductory period ends, the borrower is faced not only with a higher interest rate, but a higher loan amount as well.

To illustrate the impact of this type of loan, take a $150,000 ARM with a two-year introductory rate of 5%. Normally, the initial payment would be $805.23; an interest-only payment would be $625, and the "option" payment is $500. If the borrower can only afford to pay the $500, and does so for two years, at the end of the introductory period the loan amount has increased by more than $2,500. If the interest rate adjusts to 8% at that time, suddenly the borrower's payments increase to $1,137 – more than double the introductory rate.

ii. How to Avoid Predatory Loans

1) **Know Your Stuff**

Borrowers need to be educated about the mortgage process and the ways in which predatory lenders and brokers will try to take advantage of them. Just being able to demonstrate some knowledge of the process may help a borrower avoid a predatory loan; like most predators,

predatory lenders and brokers prey on the weak.

2) **Ask Questions**
On the other hand, borrowers should not feel afraid that they will "look dumb" if they ask too many questions. The old adage applies – "there are no stupid questions," particularly in the context of entering into what may be the biggest transaction of a borrower's life.

3) **Demand Documentation**
Many brokers do not give borrowers the documents they are supposed to receive, including the Good Faith Estimate, the TIL Disclosures, and the Loan Application, until the borrower shows up for a closing. Borrowers need to demand that they receive these documents well in advance of the closing, so they have time to review them and compare the terms of the loan to those offered by other brokers and lenders. These documents do a borrower no good whatsoever if the borrower does not receive them prior to the closing.

Also, the borrower should always demand that they get a copy of all documents they signed at the closing. Many closing agents will offer to "do the borrower a favor" by conducting the closing at their home. This gives the closing agent a convenient excuse not to provide the borrower with a copy of the closing documents at the closing, because there's no copier available. To avoid this, borrowers should insist that the closing take place in an office setting, preferably at the lender's/broker's office or at the title company's office.

4) **Read, Read, Read**
The documents that detail the terms of the loan will control the terms of the loan, no matter what the broker/originator says. So the borrower needs to read those documents in order to make sure that what they're being told matches up with what they're signing. This includes reviewing the Good Faith Estimate, TIL Disclosure, Application, and any other documents that the borrower will receive prior to the closing, and reviewing the documents that they will sign at the closing. Borrowers should also be allowed time to have the documents reviewed by an unbiased source.

5) **Don't Rush**
Predatory lending happens most frequently when borrowers are rushed into the transaction. Often, it is the borrowers themselves who allow this to happen, by conveying to the originator that they need to get a loan quickly in order to meet deadlines in a purchase agreement. Borrowers should begin the process of applying for a loan several months in advance of the time that they will need the money.

Also, borrowers should not set themselves up for a rushed closing. Thirty minutes is not enough time for borrowers to read the documents they will be signing at the closing. Borrowers should plan to take as long as necessary, whether that is an hour, two hours, or a whole afternoon. The closing agent may want to go more quickly, but again, this is a significant transaction, and the borrower needs to insist on having as much time as necessary to feel comfortable.

6) **Shop Around**
There is no reason why a borrower can't approach two or more brokers or lenders to make inquiries on the terms of the loans they can offer. While most lenders

are going to offer similar terms to similarly-situated borrowers, the discretionary fees and points that make up the broker's compensation can vary widely, and can be negotiated. A borrower will almost never be able to tell if these fees are unreasonably high unless they have compared them with the terms offered by a competing lender or broker.

7) **Be Ready to Walk Away**
Borrowers need to be ready and willing to walk away from the loan at any time. While the originator may put pressure on the borrower to go through with the loan once the process has started, in fact borrowers are free to walk away at any time, including during the three days following the closing on the loan (although the requirements for walking away are more technical during this three day period).

If a borrower spots any of the predatory lending issues outlined above, they should walk away and refuse to do business with the broker or lender in question. Similarly, if the borrower is getting pressured to sign documents quickly at the closing, or notices that the terms of the loan have changed or fees have been added that weren't previously disclosed, the borrower should walk away. And the borrower should never go through with a closing based on someone telling them that inaccurate terms set forth on the closing documents are "just a typo" or that missing information "will be filled in later." These are classic predatory lending traps, and any legitimate originator will want to make sure that the documents are 100% correct and complete before the borrower signs.

8) **Know How Much You Can Afford**
Predatory loan originators will make borrowers feel that they are doing the borrower a favor by getting them as much money as possible. It is up to the borrower to know how much they can afford, and to stick to that number when deciding either how much of a loan to take out or how much house they can afford.

C. Michigan Foreclosure Process

i. General Law

Residential mortgages in Michigan virtually, without exception, contain what is called a power of sale. Somewhere in the mortgage document the power of sale will be given to the mortgage holder (mortgagee or lender). This power allows the lender to expedite the foreclosure process if a borrower fails to make a full and timely payment. This power may be stated in terms of a right to foreclose the mortgage by advertisement or a right to institute proceedings under Michigan Compiled Laws, Section 600.3201 et seq.

This power of sale is exercised by the mortgagee publishing a notice of sale in a paper published within the county in which the property is located stating that the property will be foreclosed at public auction and that the auction will take place on a specified date at the place where the circuit court in that county is located. The statute has a few requirements on notice with which it is necessary to comply. The notice must identify the name or names of the persons who made the mortgage (i.e., the Borrower), the name of the entity to whom the mortgage was made, the name of any entity which has received the mortgage by assignment (most mortgages are assigned from the original lender). The notice must also identify the recording information for the mortgage and for

any assignment of the mortgage.

The statute also requires that the notice contain the amount due on the mortgage, as of date of first publication; most notices will also state the interest rate. Under the statute, the lender or the mortgagee is required to post a copy of the notice of sale on the property within fifteen (15) days following the date of first publication.

The sale is scheduled in the original notice, usually in the week following the fifth publication Four (4) publications are required, but most lenders have a fifth publication in order to correct errors, if any, in the original publication.

The mortgagee has the right to adjourn the sale by posting a notice of adjournment at the courthouse where the sale would have been held. The sale may be adjourned from week to week without a new publication as long as notices of adjournment are posted.

- As a practical matter a lender will generally not start foreclosure until payments have been missed for at least several months and the lender has determined that the Borrower cannot make payments.
- **Second Month Missed Payment:** The mortgage company is likely to begin calling the contact numbers that they have for you in order to discuss why you have not made payment. It is important for you **not to avoid their phone calls.** Try to stay calm on the phone and explain to them your situation and what you are trying to do to resolve it. You still may be able to make one payment at this time to prevent yourself from falling three months delinquent.
- **Third Month Missed Payment:** At this point you are likely to receive a letter from the mortgage company stating the amount you are delinquent, and that you have 30 days to bring it current. This is called your "**Demand Letter**" or "**Notice to Accelerate**". If you do not pay the specified amount or make some form of arrangements by the date given, they are allowed at that time to refer you to foreclosure or accelerate your mortgage. They are unlikely, to accept less than the total due, without arrangements if you have received this letter.

  *** Foreclosure/ Acceleration: This means that they forward your account to their attorneys. You still have time to work something out with the mortgage company.
- **Fourth Month Missed Payment:** Now you usually are nearing the end of the time allowed in your Demand or Notice to Accelerate letter. If this expires and you have not paid the full amount or worked out arrangements you will be referred to their Attorneys. At this time you incur all attorney fees as part of your delinquency.

  The attorney then schedules a **Sheriff Sale, which is the actual date of foreclosure**. You will be notified of this date by mail, along with a notice taped to your door. This is **NOT a move-out date**!
- **Sheriff Sale Date:** This will be scheduled for **approximately four weeks after** the attorney receives your file. You have up until this date to work out arrangements with the mortgage company or to pay the total amount owed.

  After the Sheriff Sale if nothing is done to resolve the situation you enter your **Redemption period**: The redemption period is the period of time during which a borrower can reclaim the title and possession of property by paying the debt secured. Michigan requires that this period be no less than 30 days and no more than 1 year. Most mortgages allow 6 months. You

will be notified of your time frame on the same notice that states your Sheriff Sale date. This is still your time to reside in the home.[1]

Once the foreclosure process is started, the Borrower can still stop it at any time prior to sale by bringing the loan current, or making other arrangements with the lender.

Public Sale

The sale is a public sale. On that date, the representative of the lender, usually someone from the newspaper which has published the notice, will present the deputy sheriff who is conducting the sale with a sheet specifying the amount that the lender will bid and a check for the cost and fees related to the sale. A bid equal to the amount of the mortgage debt will be entered on behalf of the lender. There may be other bidders at the sale who may outbid the lender by $1.00 or more. Whether the lender is the successful bidder or some third party is the successful bidder, the effect of the sale is the same and is described as follows:

The amount of the bid is deducted from the total debt owed and title to the property passes to the successful bidder at the sale. The bidder receives a deed from the Sheriff, which is recorded in the county records. If the amount of the bid is less than the debt due, the lender could sue the Borrower for the difference between the two. The difference between the debt due and the winning bid is known as the "deficiency." In the overwhelming majority of cases, the lender will bid the amount of the debt and therefore not have a deficiency claim against the Borrower. However, **in the current market some lenders are bidding less than the debt and coming after the Borrower for a deficiency**. The defense to such a claim is to prove the property was worth the amount of the debt at the time of the foreclosure sale. In the current market this would be difficult, if not impossible to do.

[1] Estimated Foreclosure Time Line, *Home Repair Services – Resources for Home Owners 2008.*

Even though there has been a deed for the property issued to the purchaser at the sale, the Borrower has the right to retain possession of the property for what is called the redemption period. In other words, **the deed is not a final deed, and if during the redemption period, the Borrower pays the amount bid at the sale, plus interest from the date of the sale forward, plus any costs which the lender advances for insurance or taxes, the Borrower can retain the residence and the deed is not valid**.

When the deed is issued an affidavit will also be filed with the Register of Deeds stating who to contact to determine the redemption price. During the redemption period the Borrower has a right to sell the residence if the mortgage debt is paid in full. Thus, if there is any equity in the Property, it is possible for the Borrower to sell the house, pay off the mortgage costs, and keep the remainder of the equity.

It is also possible to make a deal with the lender to retain the residence, such as a lease with an option to purchase.

Redemption Period

The redemption period under Michigan law for residential mortgages is six (6) months if more than two-thirds of the original mortgage amount is owed, or one year if less than two-thirds of the original mortgage amount is owed, or the property contains more than 3 acres.

If the house is vacant (abandoned), the redemption may be as short as one (1) month.

At the end of the redemption period, the purchaser has the right to put the Borrower out of the house by an eviction proceeding and take possession of the residence. The purchaser can also put the house on the market at this time.

If the Borrower is trying to save the house, the best time to act is before the foreclosure sale. Contact must be made with the lender and the

lender must be given sufficient information, i.e. tax returns, W-2 forms, lists of assets, so it can make a decision on whether to enter into some type of program to amend the amount of the payments due.

If the Borrower is considering a bankruptcy proceeding, it must be filed before the sale.

ii. Other Factors Affecting Foreclosures

Second Mortgage

The foreclosure process can be conducted by the holder of a first mortgage or a second mortgage although it is most generally the holder of a first mortgage that is unpaid that starts the process. A holder of a second mortgage (for example an equity loan) which is in default might also start the foreclosure process, but it must be understood that foreclosure of a second lien is subject to the outstanding first mortgage lien. In other words if a second mortgage holder bids in its debt that debt will be wiped out, but before the second mortgage holder can take possession of the property, it must also pay off the first mortgage.

When the first mortgage holder forecloses its mortgage, the subsequent mortgages or liens on the property are wiped out, except for real estate taxes, which have their own priority and are prior to all mortgages.

Bankruptcy

If a bankruptcy proceeding, either a Chapter 13 or a Chapter 7 is filed before the foreclosure sale, the filing of the bankruptcy will halt the mortgage sale because the mortgagee is restrained from completing the sale. However this restraint is not indefinite and unless arrangements are made in the bankruptcy proceeding to pay the arrearage and to continue payments on the mortgage debt, the mortgagee will be permitted to hold a sale.

A bankruptcy proceeding, particularly a Chapter 13 proceeding will allow a Borrower to work out arrangements to pay arrearage over time, but unless the mortgagee consents, there will be no reduction of the overall debt and regular payments must be made as scheduled.

At the present time, the bankruptcy law does not permit alterations of the mortgage contract without the consent of the lender, except that as noted in Chapter 13 proceedings arrangements can be made to pay arrearage over time.

II. UNDERSTANDING THE LAWS

Laws that Govern Mortgage Origination and Loan Servicing

A. Federal Law[2]

Truth in Lending Act (TILA) - 15 USC 1601, et seq

The federal Truth in Lending Act (TILA) requires lenders to disclose five material terms of the credit transactions to consumers. Under TILA, lenders must disclose: (1) the Amount Financed, (2) the Finance Charge, (3) the Annual Percentage Rate, (4) the Total Payments, and (5) the Payment Schedule. These disclosures can be found on the HUD-1 Settlement Statement. See Example below.

Annual Percentage Rate *The cost of your credit as a yearly rate.*	**Finance Charge** *The dollar amount the credit will cost you.*	**Amount Financed** *The amount of credit provided to you or on your behalf.*	**Total of Payments** *The amount you will have paid after you have made all payments as scheduled.*

Your payment schedule will be:

Number of Payments	Amount of Payments	When Payments are Due

In a non-purchase money mortgage for the consumer's primary residence, TILA gives the consumer a three-day right to cancel that mortgage. Non-purchase money mortgages are mortgages such as second mortgages, refinanced mortgages, debt consolidation loans involving mortgages, home improvement contracts, and home equity lines of credit. It is also required that the lender gives each consumer two copies of the notice of their right of cancel.

[2] Attributions: The federal section in this handout is drawn from NCLC Foreclosure Prevention Counseling (1st Ed), and NCLC Stop Predatory Lending: A Guide For Legal Advocates (2d Ed).

In non-purchase money mortgages, if the lender fails to give the consumer any of the material disclosures listed above or fails to inform the consumer of the right to cancel, then the right to cancel can be extended for up to three years.

There is no right to rescind or cancel if the mortgage loan is obtained to purchase the consumer's home. These mortgage loans are called purchase-money mortgages.

TILA is very complicated and technical. Consider referring a homeowner to an attorney or the local legal services program in your area if (1) the loan is a non-purchase money mortgage loan, (2) the disclosed terms seem different from what the homeowner understands or what the lender appears to be imposing, (3) there are some irregularities with the loan, and (4) the loan closing is less than three years.

The Home Ownership and Equity Protection Act (HOEPA) – 15 USC 1639

The Home Ownership and Equity Protection Act (HOEPA) is an amendment to the Truth in Lending Act. It created a special class of non-purchase money mortgage loans made at high rates or with excessive costs and fees. HOEPA loans are generally referred to as High-Cost Mortgage Loans. In addition to the TILA disclosures, the HOEPA loans are subject to special disclosure requirements and restrictions. HOEPA prohibits the following loan terms (1) balloon payments in loans less than 5 years, (2) negative amortization, (3) most prepayment penalties (not prohibited if the lender meets a test set out in HOEPA), (4) interest rate increases upon default, (5) prepaid payment escrows (allowed if up to 2 monthly payments are escrowed), and (6) due-on-demand clause (with some exceptions). The mere existence of these contract terms triggers relief under HOEPA. Again, HOEPA applies to high-cost mortgage loans.

HOEPA also prohibits a number of predatory

lending practices such as: (1) in home improvement loans, making the payments payable only to the home improvement contractor, (2) making a loan without regard to the consumer's ability to pay, and (3) quick refinancing (in response to loan flipping).

HOEPA also requires a special advance warning at least 3 business days before the loan consummation. The lender must warn the consumer that the home and any equity in it might be lost in the event of nonpayment. Violations of HOEPA's disclosures provisions are considered a material violation under TILA. Such violations would trigger the TILA right to rescind up to three years.

Like TILA, evaluating loan documents for HOEPA violations is very complex and technical. Consider referring the homeowner to an attorney or the local legal services program if there appears to be any irregularities in the loan documents.

Real Estate Settlement Procedures Act (RESPA) – 12 USC 2601, et seq

The Real Estate Settlement Procedures Act (RESPA) applies generally to loans secured by a first lien or subordinate lien on residential real property of one to four units.

RESPA requires that the consumer must be given a "good faith estimate" of settlement costs no later than 3 business days after application of the loan. This "good faith estimate" is typically the HUD-1 settlement statement. In addition to the settlement statement, a booklet explaining these costs must be given.

RESPA prohibits kickbacks and unearned fees. This means, no person shall give and no person shall accept any fee, kickback, or other thing of value or split fee for the referral of a settlement service. If however the payment was made for goods, services or facilities provided by the broker, it is not illegal. Also, RESPA prohibits the giving or accepting of any "portion, split or percentage of any charge made or received for settlement services" other than for services actually performed.

RESPA also requires servicers of covered mortgages to tell consumers about the possibility that the mortgage loans which they sign may be transferred and when a transfer is imminent. Further, RESPA requires servicers to respond to written requests (referred to as "qualified written requests") from the consumer or the consumer's agent for information or disputes concerning the servicing of the loan, and to either make appropriate corrections or, after investigation, explain why the account is correct.

Under RESPA, servicers are required to pay the property taxes, homeowner's insurance, and other escrowed monies to the appropriate recipients in a timely manner. RESPA limits the amount of money servicers can require the consumer to deposit into an escrow account to pay taxes, insurance premiums or other charges pertaining to the property. RESPA also requires an escrow analysis to be conducted to determine the proper escrow payment. It requires servicers to provide an annual escrow statement and a notice of escrow shortages or deficiencies.

B. State Law

Michigan Mortgage Brokers Lenders and Servicers Licensing Act – MCL 445.1651, et seq

The Michigan Mortgage Brokers Lenders and Servicers Licensing Act applies to mortgage brokers, mortgage lenders, and mortgage servicers. Under this statute, the servicer must, within twenty-five days of written request, furnish a ledger history of the account, showing the date and amount of all payments made or credited to the account in the previous twelve-month period (but not for period in excess of preceding twelve-month period), and the total

unpaid balance. The servicer shall not charge for providing one ledger history upon written request in a twelve-month period.

Servicer shall furnish annually to borrower a statement of mortgage account showing the unpaid principal balance, interest paid, and amounts paid into and disbursed from escrow during the preceding twelve-month period. Servicer shall not charge for providing annual statement.

The statute also creates a broad prohibition against "fraud, deceit, or material misrepresentation" in connection with a mortgage transaction by a mortgage broker, mortgage lender, or mortgage servicer.

Michigan Annual Statements to Mortgagors – MCL 565.161, et seq

This statute requires mortgagees and their agents to furnish annual statements to mortgagors and to make adjustments to escrow accounts. If the loan requires payments into escrow for taxes, improvements or insurance, the lender or servicer must furnish, within sixty days of the end of the calendar year, an account statement showing beginning balance in escrow account, all funds received, itemized statement of disbursements, and ending balance (not required if monthly billing forms disclose the escrow balance and expenditures for taxes).

If any of the following laws have been violated or provisions have not been followed, the homeowner should be referred to a local legal services office.

III.DESIGNING CLIENT WORKOUTS

A. General information

i. Workout Options

"Loss mitigation" is the term that describes the various options that borrowers have available to them to prevent the foreclosure of their home. These options, also called "loan workouts," need to be accessed through the mortgage company and the borrower's needs. They usually require that an application be completed. This application can be done via paper (which can be mailed or faxed), or taken over the phone.

Remember these options are made available, in part to assist the borrower, but mainly to lessen or prevent the financial loss for the investor. This is "business" to them and needs to be approached as such. What you are asking for has to make good financial sense. Additionally, servicers may charge fees and/or are paid fees by investors/insurers for completing some of these workouts. So, do not feel as if this is a "favor," again it is "business."

Loss Mitigation can be divided into two categories: (1) Options that Retain Homeownership and (2) Options that do NOT Retain Homeownership.

Options to Retain Homeownership

- Repayment Plan: This is a standard option that lenders will offer to borrowers who are behind. This plan will take the amount of the delinquency and spread it out for the next 3-18 months, increasing the current monthly payment. At the end of the plan, if the payments have been maintained, the client will be current. However during this time it is important to understand a couple of key things:
  - The client is still reported as delinquent to the credit bureaus until the loan is "officially" current.
  - In many cases late charges are still being incurred each month
  - There is no grace period. If the borrower is late with a payment the collection or foreclosure action can resume where it left off
  - A down payment may be required to enter into a repayment plan
- Special Forbearance: This is not offered in all investor/insurer's guidelines, but many of the mainstream ones do, such as Fannie Mae, Freddie Mac, VA and FHA. This plan allows for an approved suspension or reduction in payment for a set period of time. However, the delinquent amount is not forgiven. At the end of the forbearance the borrower must bring themselves current or qualify for another type of workout that will bring them current.
  - A Special Forbearance can also be approved in conjunction with a Loan Modification or Partial Claim. In these cases the lender uses the Special Forbearance to have the borrower return to making monthly payments for three to four months, therefore demonstrating that they can afford their mortgage payments. After this period, if all payments have been made on time, the lender will complete the final workout of a Loan Modification or Partial Claim.
- Loan Modification: This is one of the most utilized forms of loss mitigation. With this option the lender takes the delinquent amount owed (minus attorney and other foreclosure fees) and adds it on to the principal balance of the loan. The new principal balance is then re-amortized over the remaining years. At this time, if the

budget warrants it, the lender may adjust the interest rate and/or extend the terms of the loan. **(Many investors require that a loan be at least 12 months old to pursue this option and allow the servicers to charge a fee. Also FHA requires that an adjustable rate loan become a fixed rate.)**

You may see a variation of this with some subprime investors, especially with mobile homes. This variation will be called a "deferment." It is similar to a modification, except instead of adding the payments onto the principal balance and re-amoritizing, they add the delinquent payments onto the end of the loan. This creates a balloon payment. It is still a viable workout, but the difference needs to be understood by your client.

- Partial Claim (FHA and PMI Insured loans): This option is available with only FHA or PMI insured loans. If no other workout option fits the situation, the FHA or Private Mortgage Insurance may permit a second loan be granted to the borrower in the amount needed to bring the loan current (minus attorney and other foreclosure fees). This is considered a "silent" second. It does not require repayment until the current mortgage is paid off and does not incur interest.

  ***FHA requires: Borrower must be at least 4 months behind, but not more than 12 and the total amount of the partial claim cannot exceed 12 times the principal, interest, taxes, and insurance (PITI).*

- Moratorium (RHS Direct Loans): When they have had an uncontrollable decrease in income or increase in expenses, the borrower may be able to receive a suspension of their payments, until the financial situation recovers, for up to two years. At the end of this period the loan will be re-amortized and the borrower is expected to resume payments.

- Refunding (VA Loans): The VA has the authority to purchase the loan from the servicer in order to assume the servicing themselves. Every VA loan is reviewed for this option before foreclosure, although it is rare for it to be approved.

Options to NOT Retain Homeownership:

- Pre-foreclosure Sale: The mortgage company may be willing to work with the borrower while they attempt to sell their home before the sheriff sale. This may mean postponing a foreclosure date if time is needed to close on a deal.

- Short Sale: This option involves the investor and/or insurer accepting less than the total amount owed to them and releasing the lien. As part of this arrangement the mortgage company agrees to not pursue the borrower for any deficiency. The home must be listed with a realtor and those fees must be paid as part of the "loss" incurred by the lender. Any offer that is submitted as a short sale, must be presented to the lender for approval or denial.

- Assumption: Some investors will allow qualified applicants to assume the mortgage obligation and property from a delinquent borrower. ***(Requirements and stipulations to this will vary from investor to investor.)***

- Deed-In-Lieu: If the home has been listed for usually 30-90 days, but unable to sell then the investor may accept a return of deed as satisfaction of the debt. This option is viewed as a "last resort."

ii. Creating Plans of Action

To apply for any of these workouts the borrower or counselor needs to speak with the Loss Mitigation Department. An application can be requested or income and expense

information may be allowed over the phone.

The financial information provided will play a key role in determining which of the above options a borrower may qualify for. If the information provided demonstrates that the client can afford to make their regular monthly payments, then they will be considered for options to keep the home. However, if the financials show that the home is no longer affordable, then options to not keep the home apply *(with the exception of the special forbearance and moratorium programs)*.

Additionally, the following information will usually be requested:

1) Financial Worksheet
2) 1-2 year Tax Returns
3) 1-2 months pay stubs
4) 1-2 months bank statements
5) Letter of Hardship
6) Documentation of Hardship

If the financial situation changes after an application has been submitted the borrower can contact the mortgage company and possibly submit updated information for a different workout.

B. Specific Lender information

Mortgage Basics

One of the first steps when assisting a client who is delinquent on their mortgage is to understand the mortgage company's world. To begin, you must know who you are speaking with and what assistance, or lack of assistance, they can provide you. **The following are the different departments you will encounter when contacting a lender and their roles**. Understand that these are just generalizations. The departments and job duties will vary from lender to lender and may be combined depending upon size of the mortgage company.

- Customer Service: This is usually a high turnover position. These people generally have very basic knowledge about the delinquency guidelines of their mortgages. This person is best suited to answer simple questions regarding the current delinquency amount, payment history, and type of loan. All of this information is easily accessible to them via their computer. Beyond this, you will need assistance from other departments.
- Collections: This is the department you are most likely to reach when calling the mortgage company after providing the account number of a delinquent loan. This area is also good for answers to basic questions. They too can provide the delinquency amount, payment history, and type of loan. In addition, they should be able to inform you of the status of the loan (i.e., has it been referred to foreclosure or is it being reviewed). This department will attempt to resolve the delinquency; however their basic tool for doing that is a short-term repayment plan (which for lower-income borrowers is usually not affordable). These representatives may also be the "gate-keepers" to the Loss Mitigation Department (Loss Mit.). Therefore, you may be able to request a Loss Mit. application from them. Mostly likely, this department will not be of much service to you in helping resolve your client's delinquency.
- Loss Mitigation: This is the department that specializes in preventing foreclosures, and therefore, has people who are trained in assisting you with the options your clients need. However, due to the current high delinquency rates and work volumes, they are sometimes difficult to reach. Persistence and insistence may be necessary. Additionally, understand they are there, in part, to help your client, but their true job is to lessen or prevent

the loss to their company/investor.

- Foreclosure: This is the department that is actually handling the foreclosure of the mortgage. It is their job to make sure investor/insurer timelines are followed, along with state foreclosure laws. These representatives can be helpful if you have specific questions about the foreclosure, such as, who are the attorneys involved, has a sheriff sale been scheduled, or what is the reinstatement amount. This department will continue pursuing foreclosure until Loss Mitigation contacts them and states that a workout has **been approved**.

Investor/Mortgage Insurance Information

The actions taken by lenders during a delinquency are determined through guidelines established by the company who holds the greatest financial stake in the loan. Below are the different roles you will need to understand.

- Servicer: This is the company that you and the borrower will work directly with. They will send out the monthly statements, call the borrower, and handle the loan from beginning through foreclosure. (Understand that servicing does get sold regularly, so the company in this role can change multiple times over the life of a loan. Example: Chase, Countrywide…etc).
- Investor: This company has purchased the loan on the secondary market and establishes guidelines for how they want the loan to be serviced from origination through foreclosure. (Example: Fannie Mae, Freddie Mac…).
- Insurer: The Mortgage Insurance or Private Mortgage Insurance Company is the group that insures a percentage of the loan in case of a foreclosure. They do this to protect the investor. Their guidelines and the investors' usually coincide and their approval is necessary on some loan workouts. (Example: FHA, MGIC).

Investors and Insurers of mortgages establish criteria for servicers to follow in the event that a borrower becomes delinquent and loss mitigation is pursued. However, discretion is given to the servicer to determine the feasibility of these options applying to each individual borrower's scenario. Financial incentives exist in the form of payments per workout and tier servicing rankings that encourage servicers to do loss mitigation. If a housing counselor does not feel as though the servicer is providing loss mitigation options or if there is a problem with communication the investor and/or insurer can be contacted for assistance.

C. Making Home Affordable Program

The Making Home Affordable program is part of the Obama Administration's efforts to stabilize the economy and housing market. It is designed to provide assistance to as many as 7 to 9 million homeowners.

The program includes:

1) Home Affordable Refinance
2) Home Affordable Modification

Home Affordable Refinance is available to homeowners who have a solid payment history on an existing mortgage owned by Fannie Mae or Freddie Mac. Under this program, many homeowners will be eligible to refinance their loan to take advantage of lower mortgage rates or to refinance an adjustable-rate mortgage into a more stable mortgage.

Fannie Mae and Freddie Mac have established toll-free telephone numbers and online processes to provide data about loans they own or securitize.

Fannie Mae:
1-800-7FANNIE (8am to 8pm EST)
http://www.fanniemae.com/homeaffordable

Freddie Mac:
1-800-FREDDIE (8am to 8pm EST)
http://www.freddiemac.com/avoidforeclosure

Eligibility criteria for a Home Affordable Refinance:

- The property must be owner occupied,
- The borrower must have sufficient income to support the new mortgage debt, and
- The balance remaining on the first mortgage may not exceed 105% of the current market value of the property. For example, if the property is worth $200,000, the borrower must owe $210,000 or less.

Home Affordable Modification will help at-risk homeowners avoid foreclosure by reducing monthly mortgage payments. This program will work with an expanded and improved Hope for Homeowners program[3]. Detailed guidelines for the modifications can be found at http://www.financialstability.gov/roadtostability/homeowner.html.

Program eligibility can be determined using an assessment tool on the website,
http://www.makinghomeaffordable.gov/.

[3] Hope for Homeowners is a program created by Congress in 2008 to assist borrowers at risk of default and foreclosure refinance into more affordable loans. http://www.hud.gov/hopeforhomeowners/.

IV. RESOURCES

A. Tips for Counselors

- Check the numbers: Remember to compare initial disclosures to final documents to ensure consistency of the mortgage numbers.
- Release of Information: Fax this ASAP to the servicer to establish your ability to communicate. This will undoubtedly get lost at least once per client, so be prepared to refax it at any time.
- Timelines: Be aware of where your client is in the foreclosure process. One of the first questions you want to ask a servicer is: "How does your system reflect this account's status….default, pre-foreclosure, or foreclosure". Do not rely on your clients to know this or make an assumption based upon how far behind they are.
- Be Prepared: When you call a servicer be prepared with the client's address, loan number, and social security number. These will all be used for security purposes. Also, be ready to explain who you are and why you are calling to EVERYONE you speak with.
- Ask about Previous Loss Mitigation attempts: During an intake be sure to ask whether or not your client has ever done a workout with their mortgage company before, or has attempted one with this current delinquency. This is not information you want to be surprised with when you call the servicer, it can damage your creditability.

B. Contact Information

Fannie Mae Midwest Regional Office	312-368-6200
Freddie Mac	800-FREDDIE
FHA	800-225-5342
RHS Centralized Servicing Center	800-793-8861
VA Cleveland Loan Administration	800-729-5772

Direct extensions by loan number:
http://www.vba.va.gov/ro/cleveland/Servicing_Roster.htm

Private Mortgage Insurance Companies:

PMI (CMG Mortgage Insurance)	888-746-6264
Radian Guaranty Company	800-523-1988
Genworth Mortgage Insurance	800-334-9270
Mortgage Guaranty Insurance Corporation	800-558-9900
PMI Mortgage Insurance Company	800-966-4764
Republic Mortgage Insurance Company	800-999-7642
Triad Guaranty Insurance Corporation	800-628-4744
United Guaranty Corporation	800-334-8966

Other Resources

Michigan State Foreclosure Task Force
http://www.cedam.info/foreclosure.htm

Michigan State Housing Development Authority (MSHDA) "Save the Dream"
http://www.michigan.gov/mshda/0,1607,7-141-45866_47905-177801--,00.html
Phone Number: 866-946-7432

State Emergency Relief Program – Department of Human Services
http://www.michigan.gov/dhs/0,1607,7-124-5453_5531---,00.html

Association of Community Organizations for Reform Now (ACORN) – Foreclosure Campaign
http://www.acorn.org/index.php?id=12067