

# Default Intervention Workshop

Hacienda CDC

Homeownership Support Program



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**Hacienda CDC** is a Community Development Corporation that strengthens families by providing affordable housing, homeownership support, economic advancement, and educational opportunities.

**Our Homeownership Support Program** is a HUD-approved housing counseling agency that provides education and counseling to prospective homebuyers and people at risk of foreclosure. All of our services are free, bilingual, and confidential.



# Agenda

- 1) What is default counseling?
- 2) What is foreclosure
- 3) Oregon Foreclosure Avoidance Program
- 4) Home retention options
- 5) Home liquidation options
- 6) CARES Act
- 7) Next steps
- 8) Required documents
- 9) Questions



## What is default counseling?

*A housing counselor is a professional who provides advice and guidance to individuals and households in order to assist them in improving their housing situation and meeting the responsibilities of homeownership.*

(HUD definition)

Housing counselors assist homeowners:

- Assess situations
- Analyze budgets
- Review credit
- Develop action plans
- Communicate with third parties

\*We can provide counseling Services in both English and Spanish\*

## Disclosure

- We are not attorneys and cannot provide legal advice
- We provide education, information, and guidance
- We help clients evaluate options and determine eligibility
- We can attend Resolution Conference to advocate on clients behalf
- We cannot guarantee that you will get the outcome you desire
- We follow the National Industry Code of Ethics and Conduct for Homeownership Professionals approved by HUD

## What is foreclosure?

*The process of taking possession of a property when the borrower fails to make their mortgage payments*

- Oregon law allows 2 forms of foreclosure:
  - Judicial foreclosure
  - Non-judicial foreclosure
  - Or other default listed in the Note

## Judicial Foreclosure

- 1) Servicer files a lawsuit
- 2) A summons/compliant is delivered
- 3) If not contested then the sale may be set OR if they contest a trial date is set
- 4) The judge issues a judgement (decision)
  - 1) The homeowner has 30 days to cure delinquency
- 5) The auction is set
- 6) If the house doesn't sell it is transferred to the servicer
- 7) Homeowner is evicted if they do not move out
- 8) 180 day redemption period



## Non-Judicial Foreclosure

- 1) Servicer files Notice of Default
  - 1) CFPB specify that it can happen after 120 days of delinquency
- 2) Servicer initiates Resolution Conference (more on this information later)
- 3) Servicer issues Notice of Sale
- 4) Homeowner has 5 days before sale to reinstate loan
  - 1) If reinstatement rights exercised, then sale would not occur

## Oregon Foreclosure Avoidance Program

- Oregon Law-Gives homeowners the opportunity to meet with their Mortgage Servicer to discuss options to avoid foreclosure
- Lenders are exempt if they have 175\* foreclosures actions or less within the proceeding calendar year

**\* With the passage of Oregon's House Bill 2009, the threshold has been temporarily reduced to 30 foreclosure actions**

# Oregon Foreclosure Avoidance Program

- How to participate in OFAP
  1. Receive Notice of Resolution Conference from the Department of Justice
  2. Pay Fee
    1. \$175.00, or \$50.00
  3. Submit documents to online Portal
  4. Meet with Counselor
  5. Homeowner will be reviewed for options to avoid foreclosure
  6. Attend Resolution Conference
  7. File is reviewed for compliance with Oregon law

## CARES Act

- Federally backed home loans – request 180 day forbearance
- Temporarily suspend or reduce payments **not** forgiveness
- No need to submit proof of hardship
- No derogatory reporting on credit report or late fees
- May apply for retention options after forbearance



## Updates on forbearance requests (as of March 2021)

Home loans backed at a federal level from the following agencies:

- Federal Housing Administration (FHA): <https://fha.gov/covid-19.html>
- Veterans Administration (VA): <https://www.va.gov/housing-assistance/home-loans/trouble-making-payments>
- USDA (Rural Development): <https://www.rd.usda.gov/sites/default/files/RD-GRH-COVID19Borrowers.pdf>
- Fannie Mae: <https://www.knowyouroptions.com>
- Freddie Mac: <https://myhome.freddie.mac.com/getting-help/relief-for-homeowners.html>

If your loan is not insured, guaranteed or owned by any of the above entities, check with your mortgage company about postponement of loan payments and other available options

## Recent updates for federally backed home loans.

### Requests for forbearance:

- FHA, USDA, VA: First request extended to June 30, 2021
- Fannie Mae and Freddie Mac loans: Currently no deadline – check with your mortgage company / servicer

### Requests for extension of an existing forbearance plan:

- FHA, USDA, VA: Two additional extensions in three months increments, not to exceed 18 months, **IF** original plan was received on or before June 30, 2020
- Fannie Mae and Freddie Mac: Up to 180 days upon homeowner request, IF original request was made on or before February 28, 2021

\* The mortgage company responsible for the administration of your home loan is also known as the servicer

## Options I have to Repay Forbearance Amount

### **Reinstatement:**

- Paying the total unpaid amount in a lump sum at the end of the forbearance plan agreed upon with your mortgage company
- Not required but optional if you are able to do so

### **Repayment plan:**

- An agreement between you and your mortgage company that lets you pay the past due amount—added on to your current mortgage payments—over a specified time period to bring your mortgage current
- Resolve your delinquency

### **Repayment Plan calculator from Fannie Mae:**

<https://www.knowyouroptions.com/find-resources/information-and-tools/financial-calculators/repayment-plan-calculator>

## Options I have to Repay Forbearance Amount

### Loan repayment deferral:

- A repayment option that moves, or defers, past-due amounts to the end of your loan term and keeps your monthly principal and interest payment the same\*
- Resolves your delinquency and bring your loan to a current status
- Resume regular payments without immediate repayment of past-due amounts
- Deferred amount does not accrue interest
- \* Escrow payment adjustments for taxes and insurance may affect your total monthly payment.
- Ask your mortgage company about the projected payment calculations



## Options I may have to keep my house?

### Refinancing:

- A new loan—with new terms, interest rates and monthly payments—that completely replaces your current mortgage
- Make your payment more affordable by lowering your interest rate or adjusting the terms of your loan
- Creates no negative activity or event on your credit history
- Stay in your home and avoid foreclosure

FreddieMac interest rates survey: <http://www.freddiemac.com/pmms/>

Consumer Financial Protection Bureau (Explore interest rates) <https://www.consumerfinance.gov/>

## Options I may have to keep my house?

### Loan modification:

- An agreement between you and your mortgage company to change the original terms of your loan, such as payment amount, length of loan, interest rate
- May reduce your monthly mortgage payments to a more affordable amount
- Less damaging to your credit score than a foreclosure
- Often requires that you successfully complete a trial period plan (usually three months)
- Get it in writing and review the offer before agreeing to it

## Options I may have to avoid foreclosure?

**Sale with equity:** If the value of your home is higher than your loan balance

### Benefits:

- Pay off your current loan
- You could use the proceeds of the sale to buy a new house
- Avoid the damage to your credit

## Options I may have to avoid foreclosure?

**Short sale** (if the value of your home is less than your loan balance)

**Benefits:**

- Eliminate your loan balance
- You may be offered a relocation assistance (check with mortgage company)
- It maybe less damaging to your credit than a foreclosure

Note: Oregon has restrictions about deficiencies (unpaid balance) - check with your housing counselor or an attorney



## Options I may have to avoid foreclosure?

**Deed-in-Lieu of Foreclosure:** transfer the title to the mortgage lender

### Benefits:

- Eliminates your mortgage balance
- Maybe eligible for relocation assistance (check with mortgage company)
- Maybe allowed to remain in the house for a short period of time (check with mortgage company)
- Less damaging to your credit than a foreclosure

## Other options I may have to keep my house?

- If you qualify and it fits your financial goals you could consider a reverse mortgage  
For example the Home Equity Reverse Mortgage:  
[https://www.hud.gov/program\\_offices/housing/sfh/hecm/hecmhome](https://www.hud.gov/program_offices/housing/sfh/hecm/hecmhome)
- Check with your local or state government for financial relief options and assistance  
For example the Oregon Property Tax Deferral Program:  
<https://www.oregon.gov/dor/programs/property/Pages/deferral.aspx>
- Seek the guidance of a Housing and Urban Development (HUD) approved counselor:  
[https://www.hud.gov/i\\_want\\_to/talk\\_to\\_a\\_housing\\_counselor](https://www.hud.gov/i_want_to/talk_to_a_housing_counselor)
- **Take action! Start organizing and reviewing your home loan documents as soon as possible**

## Next steps?

- Complete a Hacienda CDC application
- Submit supporting documents
- Schedule an appointment

## Required Documents

- Hacienda CDC Application
- ID
- ALL proof of income
- Mortgage Statement



## Legal Services

- Oregon State Bar
  - Mailing Address: P.O Box 231935, Tigard, OR 97281-1935
  - Phone number: 503-620-0222, or 1 (800) 452-8260
  - <https://www.osbar.org/index.html>

## Foreclosure Scams

Beware of any company that promises:

- To send your payment to the mortgage company
- That walking away from your house won't affect your credit
- They will buy your house & sell it back to you later
- Unlicensed professionals guarantee result, for a fee in advance

There is *never* a fee for getting information from your mortgage lender or a HUD-approved housing counselor.



## To Report Fraud or file a consumer complaint

- **Oregon Department of Justice- report fraud**
- [www.DIJ.State.OR.US/consumer/complaint.shtml](http://www.DIJ.State.OR.US/consumer/complaint.shtml)
- (877) 877-9392
  
- **Oregon Division of Financial Regulation- Licensing and consumer complaints**
- [DFR.FinancialServicesHelp@oregon.gov](mailto:DFR.FinancialServicesHelp@oregon.gov)
- 888-877-4894



Thank You for Coming!



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# QUESTIONS?