



Jewish Housing Association of Metropolitan Detroit, Inc.  
A life-line in the Jewish community

Understanding your housing options – Q & A

*Question:*

1. *I have been hearing of some new government programs to save my home and I'm confused about what to do or I've already filed paperwork with the mortgage company to modify my mortgage or put a repayment plan in place but can't get anyone to help me. What do I do now?*

*Answer:*

There are new programs coming out all the time. In particular, under the Making Home Affordable Initiative, as modified in July 2009, you do not have to be in default (behind) on your mortgage to qualify. There are two types of assistance under this program. One allows a modification of the current terms of your mortgage so that you can reduce your mortgage payment and the other offers a refinance of your mortgage, even if you owe more than your house is worth. For those mortgage companies who don't participate in these programs, most are offering some type of relief. You can contact JHA directly and one of our loan modification specialists can determine if you are eligible and explain options that might be available to you based on current programs being offered not only by the participating lenders in federal government programs.

2. *I have received a Notice of Default in the mail from my mortgage servicer, am I losing my home?*

*Answer:*

A Notice of Default is the first indication that the mortgage company is flagging your account for future legal action if you do not address the delinquency of your mortgage payments. In most cases, a Notice of Default is issued after you have not paid your mortgage payment for at least one to two months in a row. It requires a response by a certain date before your account is forwarded to an attorney to begin the formal legal proceedings to foreclose on your home. It is important that you contact your mortgage company right away to discuss your options.

*Question:*

3. *Are there any new laws that can help me avoid foreclosure of my home?*

*Answer:*

Effective July 5, 2009, Michigan law also requires foreclosure proceedings can not commence unless notification is given by the law firm filing the foreclosure allowing 14 days to begin working with a foreclosure counselor to negotiate a work out plan. Assuming you make the timely request, you may have at least 90 days to negotiate a loan modification.

*Question:*

4. *I am behind on my mortgage payments and other bills and am afraid that I will lose my home. What can I do?*

*Answer:*

You can contact us for a confidential interview at 248-592-3980 or 800-458-0404. After providing some basic information an appointment can be set up for you. Since every situation is specific to each family's circumstances, a plan of action tailored to meet your goals and specific needs will be created to help you. Depending on your situation, some of the options that may be available are:

1. Determine if the federal Home Affordability Modification Program (HAMP) applies to reduce your mortgage payments,
2. Counseling and education regarding your current mortgage and a review of your financial situation to determine other housing affordability options,
3. Negotiation to set up a repayment plan with your mortgage servicer,
4. Negotiation to set up a loan modification or work out plan with your loan servicer,
5. Referral to community resources to assist you with issues preventing you from meeting your financial obligations,
6. Financial assistance is possible depending on the family's specific needs.

It is important that you reach out for assistance as soon as you realize that you will be having problems meeting your expenses.

*Question:*

5. *I've tried to contact the mortgage company on my own and don't feel like I'm getting anyplace? What kind of assistance are they supposed to provide and why can't I find anyone to help me?*

*Answer:*

Due to the current economic crisis, mortgage companies were caught off guard to handle the volume of calls and requests for assistance that have been bombarding them. Nevertheless, every week improvements are being seen as to responsiveness and alternatives being offered to help home owners try to save their homes. There are no

specific rules or regulations governing what mortgage companies have to offer so each company's process is slightly different and are being tailored specifically to each family's situation and depend in part on the type of trigger event that has caused the inability to pay, prior payment history, if a borrower has already defaulted on a prior work out plan by the servicer, and current ability to afford the home. In general, the following types of programs are being offered:

If the family can keep the home:

- a. Loan modifications – a modification of the current terms of the loans such as the interest rate or term of the loan, or type of loan (from an adjustable rate to a fixed rate for the rest of the loan term)
- b. Repayment plans – usually rolled into the current payment amounts until the total delinquency is paid in full.
- c. Special forbearance plans – these are either partial payment plans or agreements to not pay for a certain number of months
- d. HomeSaver or Partial Claims
- e. If you have Mortgage Insurance, a Partial Claim.

If the family cannot keep the home:

- a. Short sale
- b. Deed-in-Lieu of Foreclosure

*Question:*

5. *I'm not sure if I can afford my home at all, should I list my home for sale and attempt a short sale?*

*Answer:*

Depending on your specific situation, this option can be discussed with you. In order to sell the home on short sale, the mortgage company would need to approve the sale which, in many cases, requires sending in a hardship letter and application requesting this work out option. You would work with a real estate agent and your mortgage company to do this option. You can list your home at any time at a price that is consistent with current market conditions as well.

*Question:*

6. *I am carrying about \$60K in credit card debt. I have cut up the cards but can't seem to get ahead of the curve in paying these off. I have about \$130K in a 401(k). Should I tap the 401(k) to pay off these?*

*Answer:*

Typically the answer is to avoid doing that if at all possible. The penalty is 10% on your withdrawal from your 401(k). Whatever you take out will also be added to your income tax bracket. It is recommended that you attempt other options before doing so such as reviewing your budget and cutting all extra expenses possible, working with your credit card companies to negotiate lower interest rates or applying for hardship assistance, or working with a debt counselor to help you.

Question:

7. *I'm going to be filing for bankruptcy. I owe more than my home is worth so everyone tells me that I can still keep my house.*

Answer:

Depending on your overall financial situation and housing affordability analysis this would need to be discussed with you. You will also need an attorney. When you file for bankruptcy, you have to list all of your assets and all of your debts. Your mortgage would be on that list. Depending on the advice of your bankruptcy attorney, you would then reinstate your mortgage if you were advised that you could and should keep your house. If you decided to reinstate the mortgage loan, you could then still approach the mortgage company to do a work out plan or loan modification depending on your specific circumstances to try to get the payment more affordable. There are some circumstances where the mortgage company will still be open to a loan modification even if you do not reinstate (reaffirm) your mortgage. Assistance JHA can offer is limited until your mortgage account is moved from the Bankruptcy Department to the Collection Department. If your goal is still to stay in your home, contact us as soon as possible during the Bankruptcy proceedings for a confidential interview at 248-592-3980 or 800-458-0404.

Question:

8. *I've already been through foreclosure and my redemption period is going to expire soon. What do I do now?*

Answer:

If you are not otherwise able to afford your home and cannot redeem the property, you need to look for alternative housing. You can check [www.craigslist.com](http://www.craigslist.com) or the Michigan Housing locator at [www.Michigan.gov](http://www.Michigan.gov). If you need financial assistance, JHA may be able to help, depending on your specific circumstances. Please contact our reception number at 248-592-3980 or 800-458-0404 for a confidential interview.

Question:

9. *I expected my home to be an asset for retirement, and it is now worth less than the mortgage on the home. What should I consider?*

Answer:

Your house, like any other asset, can fluctuate in value depending on supply and demand. With the current economic conditions, most homeowners are finding themselves with a house that is "underwater" or in other words they owe more than it is worth. If you are unable to afford making your payments, there are many options available to try to get the payment to an affordable level. Check with a HUD approved lender or a participating lender of the Hope for Homeowners in order to see if you qualify for any of the new FHA programs, including a reverse mortgage. It is suggested that you also consult with a financial planner to determine what options and suggestions he/she can offer with regard to retirement savings.