

ST. PAUL'S EPISCOPAL CHURCH

AT CAPITOL SQUARE RICHMOND, VA

PROCLAIMING CHRIST IN THE HEART OF THE CITY

Dear Faith Community Leader:

We at St. Paul's Episcopal Church are urging the participation of other faith communities in an area-wide effort to communicate the seriousness of the home foreclosure problem and the availability of resources that can potentially help prevent foreclosure. I am enclosing concise, but very useful, materials that will allow faith leaders to guide distressed homeowners toward the community resources that offer effective assistance. Referral to these resources, pursued at the earliest possible time, can be an invaluable component of pastoral counseling under the economic conditions that prevail today.

As you know, foreclosures of home mortgages have become more prevalent in the Richmond area, causing tremendous distress among families of all income levels. Job layoffs, unfair mortgage lending practices, internal chaos at mortgage lenders and servicers and scams in the guise of foreclosure rescue have combined to cause this very serious and unprecedented crisis. Many homeowners have not sought foreclosure rescue assistance soon enough because they have not known where to turn for help. In some cases, they have been too proud to seek advice and help.

St. Paul's Outreach convened a group of parishioners and community resource providers beginning in early December 2008 to assess the growing problem in Richmond, informed by the outreach efforts of members of my former parish in Florida, where there has been a wave of foreclosures for more than a year. This group met several times over the past three months and produced the enclosed materials, to be shared within the Richmond area wherever distressed homeowners might be found. By periodic notices in our service bulletins, we have notified our parishioners to contact the clergy if they or a friend are facing home foreclosure.

We encourage you to sensitize your faith community to this situation if you have not done so already, and to make direct contact with the resources listed in the enclosed materials if you have any questions. As I'm sure you will agree, if a homeowner is in distress, it is important for them to seek qualified help as soon as possible.



The Rev. D. Wallace Adams-Riley

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WWW.STPAULS-EPISCOPAL.ORG

IF YOU'RE FALLING BEHIND IN YOUR MORTGAGE

You may feel overwhelmed and are getting confused messages and advice. Regardless of the reasons you are behind in your mortgage, there are steps that can help you move forward.

The sooner you begin to ask for help, the better chance you will have to find a solution that will work in your situation.

Things You Can Do to Help Yourself:

Step 1 —



Open your mail from your lender.

Step 2 —

Work on a Budget and Try to Save Money



The first question your mortgage company will ask you is → **What is your budget?**

- Try to save money to go towards your past due payments → this shows your lender you are serious.
- What can you delay, cut out or eliminate from your budget?
- Can you increase your monthly income?

Step 3 —

Call For Help



See below for a suggested list of HUD-approved agencies, who can:

- Advise You on Your Options
- Come Up with a Plan
- Help You Contact Your Mortgage Company

Step 4 —

Contact Your Lender



Your lender may agree to help you work out your loan. You want to talk to the *Loss Mitigation* or *Loan Workout* department.

See the back of this sheet for tips and more detailed information.

Step 5 —

Contact An Attorney



There may be protections in the law that could keep you from foreclosing. Based on your circumstances, legal advice may be free, or at a very low cost.

See below for some suggested legal resources.

Step 6 —

Be Very Careful About Scams



There are many companies out there that may try to take advantage of you. Be aware of “quick fix” plans. If it sounds too good to be true → it probably is!

HUD Approved Housing Counseling Agencies:

Housing Opportunities Made Equal, Inc.....804-354-0641
NeighborWorks® Resource Group.....804-329-2500
Southside Community Development and
Housing Corporation.....804-231-4449
Catholic Charities.....804-545-5920
ClearPoint Financial Solutions.....877-877-1995

If Legal Assistance Is Needed:

Central Virginia Legal Aid Society.....804-648-1012
Virginia Poverty Law Center.....804-782-9430
Virginia Lawyer Referral Service.....804-775-0808

For Additional Needs, Contact:

United Way by dialing 211 or.....804-275-2000

LOSS MITIGATION — TERMS & TIPS

Q. What is Loss Mitigation?

A. Loss mitigation is a loan workout program offered by mortgage companies to help the homeowner avoid foreclosure. They are divided into two options:

- 1) Those that allow you to keep your home.
- 2) You give up your home, but do not go into foreclosure.

Q. What are the options that allow me to keep my home?

A. The mortgage company will offer you one of the following:

- | | |
|---------------------|----------------------|
| 1) Repayment Plan | 3) Partial Claim |
| 2) Forbearance Plan | 4) Loan Modification |

Q. What are the options to give up my property but not foreclose?

A. You've tried to sell it, but you couldn't. 1) The bank may agree on a sale for less than what you owe. This is called a "short sale" or being "upside down" on a loan. 2) Deed in lieu of foreclosure.

Q. Do all mortgage companies have Loss Mitigation programs?

A. Most mortgage companies do have loss mitigation programs, however the only way to be certain is to contact your mortgage company. Your specific loan and situation will determine what they are able to do.

Q. When can I apply for Loss Mitigation?

A. Most mortgage companies allow you to apply for loss mitigation once your loan is two-three months or more past due. Some may allow you to apply sooner. It's important to apply before your loan reaches the foreclosure process. You may not be eligible for loss mitigation if you filed Chapter 7 (after purchasing the home) and failed to sign a reaffirmation agreement.

Q. How can I apply for Loss Mitigation?

A. Contact your mortgage company and request an application. The mortgage company may mail you an application or they may assess your eligibility by phone.

Q. What helps my chances of being approved for a Loss Mitigation plan to keep my home?

A. Your mortgage company will decide if they are willing to help you avoid foreclosure. Most require you to have enough income to pay your mortgage and your other monthly bills. You will also need some money that you can contribute to what you owe and/or the costs of a workout plan.
[This may be at least one mortgage payment or a third of the total delinquent balance.]

It is also better not to have a pending foreclosure sale date less than two weeks away.

Q. How long does it take for approval?

A. Loss mitigation may take anywhere from 30 to 120 days. Therefore, it is important that you apply for these programs as soon as possible.

For further information and detailed explanation, go to www.phonehome.org or call 804-354-0641.

HOME's Mission

"Ensuring equal access to housing for all people"



Default counseling services are funded by HOME, U.S. Dept. of Housing and Urban Development, and the City of Richmond's Dept. of Community Development

All homeowners are subject to events beyond their control that may make it difficult to maintain their mortgage obligations. If you fall behind on your mortgage it is **very** important that you call or write your lender and clearly explain your situation. This would also be the right time to contact a HUD-Approved Housing Counseling Agency such as HOME.

HOME
Housing Opportunities Made Equal

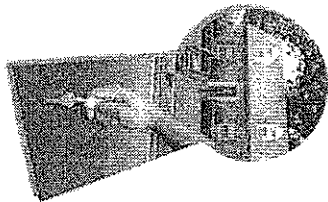
Headquarters:
700 E. Franklin St., Suite 3A
Richmond, VA 23219
804.354.0641 FAX 354.0690

Tidewater Office:
355 Crawford St., Suite 520
Portsmouth, VA 23704
757.215.0321 FAX 215.0320

www.phoneHOME.org

HOW TO AVOID FORECLOSURE OF YOUR HOME

HOME
Housing Opportunities Made Equal



When you fall behind...

At HOME, a counselor will be glad to discuss your situation with you and inform you of your options. We believe that knowledge is power. The more informed you are, the better the decision you can make regarding your situation. Please note that not all alternatives are available to all homeowners. It is important to concentrate only on those alternatives for which you qualify.

Our goal is to help you avoid possible foreclosure action by resolving your delinquency through one of several alternatives to foreclosure that may be provided by your mortgage company.

First you should ask yourself several questions:

Is my crisis temporary or long term?

Can I make my mortgage payment along with my other monthly expenses?

Can I increase my income or reduce my expenses?

Do I want to maintain my home or sell it?

Keep in mind, you can only keep your home if you can afford to maintain payments on your mortgage. If you want to qualify for alternatives that will allow you to keep your home, you must show that your monthly income meets or exceeds your monthly expenses.

Sit down and prepare a budget. Total your monthly net income and subtract your monthly expenses. Where do you stand? If you have money left over, you are in a good financial position. However, if your bills total more than your monthly income, attempt to reduce unnecessary expenses or increase your income.

What should I do?

30 to 60 days past due

Your options depend on how past due you are, the amount you are delinquent, and your loan type. (e.g. FHA, VA, Conventional) When you are 30 to 60 days past due, your alternatives may be limited to those offered through the collection department.

60+ days past due

If you are 60+ days past due and unable to bring your loan current, you should contact the Loss Mitigation Department at your mortgage company and request a loan workout package. All loss mitigation options must be approved by your mortgage company.

- **Repayment Plan** - Involves making up the amount past due over a period of months by paying a full payment plus a partial payment until the past due amount is paid.

- **Forbearance Plan** - The reduction or suspension of payment for a period of time followed by a period of time during which the deferred payments are made up, similar to the repayment plan.

- **Loan Modification** - The change of the original terms of the mortgage through one or more of the following methods: an adjustment of the interest rate, addition of the delinquent interest amount to the current unpaid principal balance, and/or an extension of the term (life) of the mortgage. A loan modification fee will be charged and a cash contribution toward any loss to the investor may be required.

- **Partial Claim** - This is when money is advanced and loaned to you by FHA or whoever holds your Private Mortgage Insurance. This money is used to bring your mortgage current.

What are my options?

If you do not qualify for alternatives previously mentioned, it may be necessary to give up ownership of your home. You may still avoid foreclosure through:

- **Sale of the property**

- **Pre-foreclosure sale**

- Entails selling the property prior to a foreclosure sale at less than Fair Market Value. In some cases, this may be less than the amount owed on the property.

- **Deed in lieu of foreclosure**

- Involves returning the property to the lender prior to sale. This alternative is only granted as a last resort usually if the homeowner is unable to sell the property.

Anything else I should do?

Yes, beware of scams! There are people who may try to take advantage of your financial difficulty. These people or companies claim to be counseling agencies that can help you. Often times these companies will ask you to pay large sums of money up front in exchange for services. They may also try to rush you through the process and make promises they cannot keep! Remember, if it sounds too good to be true, it probably is not true. BE SMART! If you have doubts, contact HOME before you pay anyone or sign anything. There is no charge for HOME's services.

