



Consumer Affairs Tabloid



Keeping you in the “KNOW”

287- CITY

Army Community Service Financial Readiness Branch

October 2007

Excerpt from: US Department of Housing and Urban Development
Tips for Avoiding Foreclosure www.hud.gov/foreclosure/index.cfm



1. Don't ignore the problem.
2. Contact your lender as soon as you realize that you have a problem.
3. Open and respond to all mail from your lender.
4. Know your mortgage rights.
5. Understand foreclosure prevention options.
6. Contact a HUD-approved housing counselor.
7. Prioritize your spending.
8. Use your assets.
9. Avoid foreclosure prevention companies.
10. Don't lose your house to foreclosure recovery scams!

Excerpt from: The Federal Trade Commission
www.ftc.gov/bcp/edu/pubs/consumer/homes/rea04.shtm

Mortgage Payments Sending You Reeling? Here's What to Do:

Avoiding Default and Foreclosure

If you have fallen behind on your payments, consider discussing the following foreclosure prevention options with your loan servicer:

Reinstatement: You pay the loan servicer the entire past-due amount, plus any late fees or penalties, by a date you both agree to. This option may be appropriate if your problem paying your mortgage is temporary.

Repayment plan: Your servicer gives you a fixed amount of time to repay the amount you are behind by adding a portion of what is past due to your regular payment. This option may be appropriate if you've missed only a small number of payments.

Forbearance: Your mortgage payments are reduced or suspended for a period you and your servicer agree to. At the end of that time, you resume making your regular payments as well as a lump sum payment or additional partial payments for a number of months to bring the loan current. Forbearance may be an option if your income is reduced temporarily (for example, you are on disability leave from a job, and you expect to go back to your full time position shortly). Forbearance isn't going to help you if you're in a home you can't afford.

Loan modification: You and your loan servicer agree to permanently change one or more of the terms of the mortgage contract to make your payments more manageable for you. Modifications can include lowering the interest rate, extending the term of the loan, or adding missed payments to the loan balance. A loan modification may be necessary if you are facing a long-term reduction in your income.

Selling your home: Depending on the real estate market in your area, selling your home may provide the funds you need to pay off your current mortgage debt in full.

Bankruptcy: Personal bankruptcy generally is considered the debt management option of last resort because the results are long-lasting and far-reaching. A bankruptcy stays on your credit report for 10 years, and can make it difficult to obtain credit, buy another home, get life insurance, or sometimes, even get a job.





Excerpt from: Department of Veterans Affairs

www.homeloans.va.gov/pavtrbl.htm

When Financial Troubles Arise

When serious financial troubles arise, it is obvious that living expenses must be cut to the bone. Most of the luxuries previously enjoyed, and even some things which may have been thought of as necessary, may have to be dropped for a time.

In order to help veterans in serious financial trouble, VA Regional Loan Centers have technicians available to conduct financial counseling. This counseling is designed to help you avoid foreclosure. If you want this assistance, call 1-800-827-1000 and ask for the number to reach a Loan Service Representative that can assist you.

Excerpt from: The Better Business Bureau

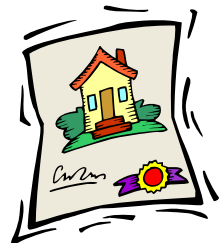
Foreclosure 'Rescue' Scams on the Rise www.bbb.org/alerts/article.asp?ID=593

Are you facing the threat of losing your home? Be wary of individuals and companies offering to "help" you out of your difficult financial situation. Consumer advocates report an increase in complaints about foreclosure "rescue" scams. These scams specifically target homeowners who are in financial distress. Scam operators advertise over the Internet and in local publications, plaster posters on telephone poles and at bus stops, stick flyers in people's front doors or contact people whose homes are listed in public foreclosure notices. Sometimes they direct their appeals to specific religious or ethnic groups.

In one scenario the scam operator offers to "buy" the homeowner's property by paying off the amount that is overdue on the loan. He convinces the homeowner to move out and deed the property over to a third party. The homeowner is given the option of renting the property with the option to buy it back later. The rent payment on the home is often higher than the homeowner can afford. Often times, the original homeowner cannot make the rent payment and is evicted from their home. Or, if the homeowner expresses a desire to buy back the property, the scam operator usually sets the price of the home higher than the homeowner can afford.

The hapless homeowner can lose his equity and his home. Sometimes, the homeowner's troubles go even deeper. In many cases the initial mortgage has not been paid off and the deed was never transferred as promised. Not only is the homeowner faced with eviction from the home, but they still owe for the original loan amount.

Additional information from the BBB www.bbb.org/alerts/article.asp?ID=780



From the Files of Fort Hood's Consumer Affairs Office

If you are having any sort of financial trouble, the first step is to seek help immediately. Ignoring the problem or hoping it will go away only compounds the situation and makes it more difficult or often impossible to fix.

Your first step is to re-evaluate your situation and develop a new budget. Contact your Command Financial/Family Advocacy Specialist (CF/FAS) for one-on-one assistance and referrals to other agencies. If you do not know who your CF/FAS is contact the Financial Readiness Branch at 288-2862. Your second step should be to research your options and if it is mortgage related, click on the above articles for more information. Next contact your lenders. Remember to get all alternate payment arrangements and promises in writing.

If you have items turned over to collections and non-secured debt you might consider contacting a non-profit counseling service such as Money Management International located on Fort Hood. To set up an appointment call 1-888-845-5669 Ext. 5950.

Back issues of the Consumer Affairs Tabloid are available on the Financial Readiness section of the ACS website at www.hoodmwr.com/acs.

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