

Success Stories in Foreclosure Counseling

UNHS NeighborWorks® HomeOwnership Center



Predatory Tactics Used in Loan Modification

Joe and his wife purchased a home in North Utica in the 1990s. Several years into their mortgage, Joe's restaurant business began to fail. During this hardship, Joe thought that his lender was being understanding by accepting lower payments. However, what was really happening was the payments were barely covering his taxes, not his principal or interest.

For nearly 10 years, Joe's principal balance remained unchanged, and he couldn't understand why. When his loan was sold to a new servicer, his loan was recalculated and his payments increased. The lender did extend to him a loan modification, but the loan officer came to his place of business, and Joe was embarrassed, so he signed the papers quickly so the man would leave.

Unfortunately, what Joe didn't realize was that while the new payment was affordable, the lender deposited nothing into his escrow account for his property taxes. Two payments into the modification, a property tax payment was made, leaving a shortfall in the escrow. A new payment was calculated and sent to Joe, but once again it was unaffordable.

By the time Joe came to The HomeOwnership Center, he had owned his home for nearly 20 years, but had paid nothing on the principal. After nearly 12 months of the lender denying Joe a new loan modification, the foreclosure counselor contacted the Banking Department, the Attorney General's Office and the Empire Justice Center, sharing his story. Finally, Joe received a new loan modification with an interest rate of 2% for 5 years and an initial deposit to his escrow account. Joe now has an affordable payment that is sustainable.

Joe was so happy with the results he received from the HomeOwnership Center that he referred his daughter to their pre-purchase program when she was ready to buy a house. She received HomeBuyer Education, one-on-one counseling and participated in the First Home Club. She closed on her home in December of 2010.

Jane owned and lived in a multi-family home. The other units were occupied by relatives from whom she was reluctant to charge rent. When she suffered a loss of income due to an illness, she quickly fell behind on her mortgage.



HomeOwnership Center staff worked with Jane to formulate a budget that revealed a surplus if she obtained a loan modification and if she collected a modest but reasonable rent from her family. She was able to negotiate a sufficient rent structure with her family, a loan modification was secured, and Jane was able to keep her home and replenish her income.

Less than 1% of customers who have taken HomeBuyer Education at the HomeOwnership Center return for default counseling

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Homeowner Receives HAMP Modification

Dave came to the HomeOwnership Center in July of 2009. He had experienced a head trauma earlier in his life and recently got divorced. His primary income was Social Security. In the past, he'd survived financially with the help of his parents, but they were preparing for retirement and could no longer help him.

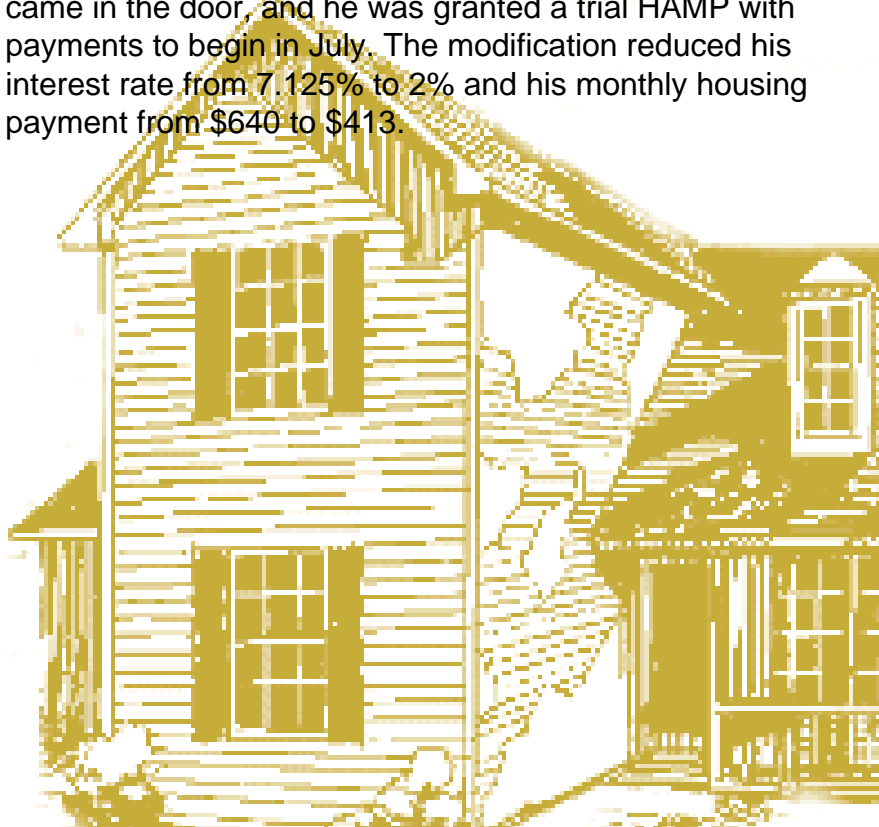
The HomeOwnership Center's foreclosure counselor helped Dave apply for a HAMP modification because he was at risk of foreclosure and needed a mortgage payment reduction so he would be able to afford the home on his own. The first package was submitted in August 2009, and then resubmitted in November 2009. Additional information was requested, but despite repeated calls from counseling staff, the application remained in limbo.

The lender finally responded with a request for updated financials in May 2010, 10 months after Dave originally came in the door, and he was granted a trial HAMP with payments to begin in July. The modification reduced his interest rate from 7.125% to 2% and his monthly housing payment from \$640 to \$413.



Medical Issues Put Homeowners in Jeopardy

Mary was more than 90 days delinquent and had received a summons when she approached the HomeOwnership Center for advice. She had recently been diagnosed with cancer and was out of work for treatment. Her husband's only income was disability, and it was not supporting all of their expenses. She was in the process of applying for Social Security/disability, plus her employer was holding her position in the event she was able to return to work. The HOC counselor called the servicer immediately was able to negotiate a loan modification. A positive resolution for this client was achieved in less than two hours, and she was able to save her home.



The average workout period with the lender is 12 months