

# Fair Housing Council of Northern New Jersey

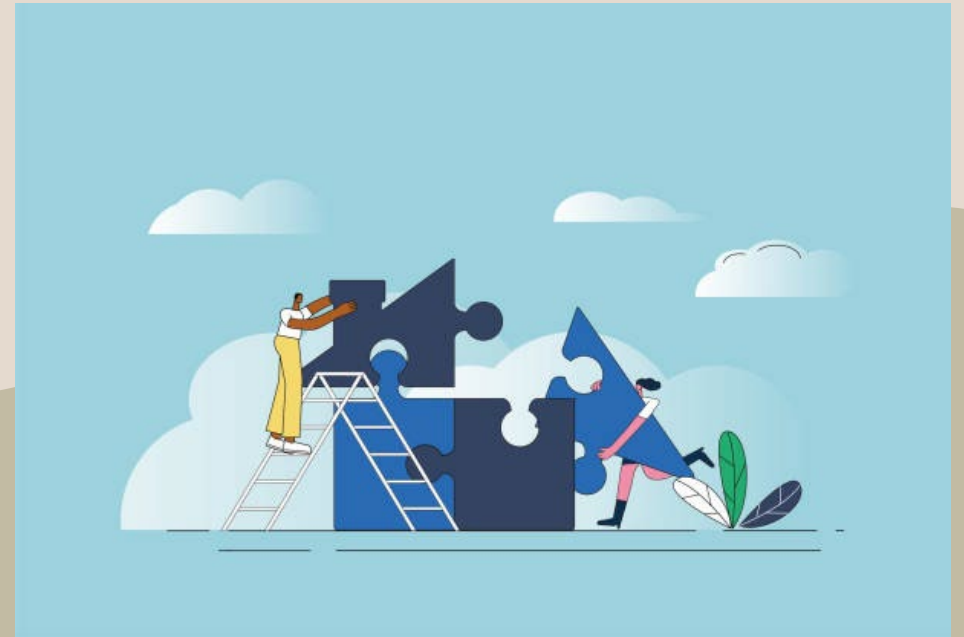
## Introduction to Foreclosure Prevention

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# What We Do...

- Fair Housing Council offers first time buying counseling to clients purchasing in Bergen County. In addition we assist homeowners experiencing delinquency and possible foreclosure.
- We meet with the clients, review their mortgage statements as well as financial situation, assist them with preparing a household budget in order to determine their hardship. Once we assess if their hardship is temporary or permanent we advise them of options if the homeowner wishes to remain in their property.



## Home Retention Options

Some of the solutions in the industry include requesting a loan modification, reinstating the loan, forbearance, or a payment plan. These options allow the homeowner to become current.



# Loan Modification

A loan modification is recasting the loan by adjusting the arrears, principal and interest rate to establish a new loan payment . Some lenders may place the arrears to the end of the mortgage term to keep the payments lower. It is very rare to have arrears and principal forgiven verses years ago when the National Crisis was overwhelming.



# Reinstatement Payment Plans

- Reinstating the loan means paying the lender past due amount which may include penalties and any lender attorney fees should the loan be in foreclosure.
- A payment plan may include the current contracted payments plus a small amount of the arrears spread over a short period of time. Client's interest rate and tax/ insurance escrows will remain the same.



# Forbearance

Forbearance is when the lender is placing the demand for payment on hold for a period of time thereby freezing the default/ foreclosure process. This is typically done for unemployed clients, with the expectation that they will request a loan modification once they obtain a job.





# Consulting a Bankruptcy Attorney

Consulting a bankruptcy attorney for the purpose of making a payment arrangement through the courts may help. This is generally costly and once you agree to a set payment, you have to keep it going or risk being terminated from the program in which the lender can continue their rights to foreclose. Housing counseling is available only through the bankruptcy portal after signing up with the program through an attorney.



# Exiting the Property Voluntarily

- When a solution to pay and remain in the home cannot be obtained, you can sell your home.
- There is no need to seek permission from your lender/ servicer should you have more equity (value) in the property than what you owe. If you owe more than what the home is worth lenders may approve a “short sale” does not hurt your credit as much as a foreclosure sale. “Cash for Keys” allows the homeowner to turn the property over to the lender with an agreed move out date.





## Recovering From Hardship

While volunteering to give up the home allows your credit to recover sooner than a foreclosure, it is important to transition where you can afford housing payments and begin to save again as lenders will allow you to purchase a home again in a few years along with the incentives given to first time home buyers. Recovering from the hardship is key and counseling agencies like us are here to help.



# Foreclosure Steps New Jersey

- DEFAULT ON THE LOAN (SOME LENDERS EXERCISE THEIR RIGHT TO SUE IF 30 DAYS LATE)
- NOTICE OF INTENT TO FORECLOSE (LENDER MUST WAIT AT LEAST 30 DAYS BUT NO MORE THAT 180 DAYS BEFORE FILING COMPLAINT)
- FORECLOSURE COMPLAINT FILED BY LENDER'S ATTORNEY VENDOR
- COMPLAINT AND MEDIATION PAPERS SERVED TO HOMEOWNER (SHOULD CONTAIN A DOCKET NUMBER)
- ANSWER THE COMPLAINT ( IF HOMEOWNER CHOOSES TO ANSWER OR CHALLENGE MUST DO SO WITHIN 35 DAYS)
- ENTRY OF DEFAULT NOTED BY SUPERIOR COURT
- LENDER'S ATTORNEY TO SEND NOTICE OF INTENT TO FILE FOR FINAL JUDGMENT TO HOMEOWNER
- Motion of final judgment sent to court
- Final judgment entered by court and writ of execution issued
- Sheriff sale to be scheduled (grace period allowed each county charges a nominal fee)
- Deed transfer
- Negotiate a move out with new owner
- Writ of possession
- Move out date

# General Tips to Manage Your Mortgage and Credit

- Imminent danger of default: if you feel like you will fall behind on your payments and other bills through no fault of your own, contact the lender and/or not for profit housing agencies.
- Agencies can be located at [www.hud.gov](http://www.hud.gov)
- Open all mail from your mortgage company, open all mail from the attorney firm stating to represent your lender. Open all mail from the Superior Court of NJ
- Be wary of postcards from realtors or other attorneys claiming they can help you with your problem where a fee for service is involved. Mortgage counseling is free. Also only an officer of your bank/ mortgage company can approve assistance for you and again there is no charge by your lender for applying.
- Try to maintain a savings and spending plan, otherwise known as a household budget, check your financial situation every few months. Again if you find your situation moving toward a deficit call a counseling agency to help guide you to get back on track

# Contact Information

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ADDITIONAL RESOURCE - LEGAL SERVICES OF NJ  
888-576-5529 [www.lsnj.org](http://www.lsnj.org)



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