

MORTGAGE ASSISTANCE RESOURCES FOR HOMEOWNERS FACING MORTGAGE DEFAULT

The following provides a summary of information on mortgage assistance resources and loan "workout" options for homeowners who may be facing mortgage default due to the flood disaster. Homeowners contacting you should be advised to call the following agencies or programs for assistance:

GOVERNMENT FUNDED ASSISTANCE

FEMA/U.S. Small Business Administration at **1-800-462-9029**

County Emergency Assistance Programs/Human Service Division

Homeless Prevention Program Funds

Other Supplemental Resources May Include:

Energy or Utility Assistance Program Funds

Federal Earned Income Tax Credit

Food Stamps

HOMEOWNERS SHOULD CONTACT THEIR MORTGAGE COMPANY TO NEGOTIATE A WORKOUT AGREEMENT

Options May Include:

Forbearance Agreement

Repayment Plan

Loan Modification

☞☞ Reduce the Interest Rate

☞☞ Change the Mortgage Product/Refinance

☞☞ Extend the Maturity Date

☞☞ Capitalize the Delinquent Payments

☞☞ Change the Assumption Terms

Borrower Assistance Programs

Pre-foreclosure Sale (FHA)/Short Sale or Compromise Offer

Assumptions

Deed in Lieu of Foreclosure

COMMUNITY-BASED INFORMATION AND RESOURCES

Red Cross/Salvation Army

HOMEOWNER'S PERSONAL RESOURCES AND ASSETS

Homeowner's Insurance Funds

LOAN WORKOUT DEFINITIONS

Repayment Plans - An agreement between the borrower and the lender to gradually repay the delinquent amount within a specific period of time. Short-term repayment plans are generally three to six months; long-term repayment plans are six to twelve months.

Forbearance - An agreement to suspend or reduce normal monthly payments for a period of time. At the end of the forbearance period the borrower must cure the delinquency through reinstatement or a repayment plan.

Refinance - Origination of a new loan with more favorable loan terms in an amount adequate to pay off the total debt including any delinquency.

Loan Modification - A written agreement that permanently changes one or more of the original terms of the loan, including the interest rate, payment, maturity date, or the amount of the unpaid principal balance. A modification can cure the default by capitalizing the arrearage and/or reducing the monthly payment to an amount, which is more favorable to the borrower.

Partial Claim - An advance from the investor or mortgage insurer in an amount necessary to reinstate the loan. The borrower is often required to sign a promissory note in the amount of the advance to be repaid concurrently or at a future date.

(Hardship Mortgage) Assumption - Permits a qualified applicant to assume title to a property and the mortgage obligation of a borrower who is in default or in "imminent danger of default".

Short Sale/Pre-Foreclosure Sale - The sale of a property by the borrower for less than the amount necessary to pay off the loan.

Deed in Lieu of Foreclosure - The borrower's voluntary conveyance of clear title to the property to the lender in exchange for a discharge of the debt.

Government Funded Assistance - Federal, state or local municipal programs which provide loans, grants or other payment assistance to borrowers facing loss of their home due to unavoidable financial hardships. Often associated with relief from natural disasters.