

# Frequently Asked Questions

## **What should I do if I fall behind on my mortgage payments?**

CALL YOUR LENDER. As soon as borrowers find themselves unable to make their monthly mortgage give your lender a call and ask what arrangements can be worked out. If you are having difficulty paying because of an injury or loss of job, ask your lender for a “financial hardship” package. If you are having difficulty paying because your monthly mortgage payment increased due to an adjustable rate mortgage or interest-only loan, ask to see if the terms of your loan can be modified. One such example would be to take it from an adjustable interest rate to a fixed rate with no penalties. Also, do not be afraid to seek help. Call a local housing counseling agency or attorney for assistance.

## **If I am trying to get an attorney or housing counseling agency to help me with my mortgage, what paperwork should I bring when I meet with them?**

When meeting with an attorney or housing counselor, you should have with you the following documents:

- 1) Create a monthly budget (list **all** household monthly income & expenses). List also all other debts that you have.
- 2) Proof of monthly income (e.g., last pay stub, Social Security check, or other document)
- 3) Bank statements for the last 3 months.
- 4) Letters from your mortgage company regarding missed payments.
- 5) All mortgage loan documents (e.g., the packet of documents that you signed when you first got your mortgage, your most recent monthly statement).
- 6) Any court documents received from any court concerning your mortgage (e.g., foreclosure lawsuit), or other debt that you owed.
- 7) Any solicitations received in the mail from companies offering to help you stay out of foreclosure.

## **Should I consider refinancing?**

Being able to refinance your loan depends on several things. If you are already delinquent on your present mortgage, your credit rating will be adversely affected. This could prevent you from getting a new mortgage at a reasonable interest rate. In addition, you may not be able to afford the fees and points that most lenders charge, especially if you have little or no equity in your home.

You may want to look at current programs provided by government-insured mortgages through the Federal Housing Administration (FHA) or the Making Home Affordable.

When looking to refinance you should shop and compare loans offered by local lenders and consider consulting with a housing counselor or attorney before agreeing to a new loan.

## **What does it mean to be in foreclosure?**

If you fail to make mortgage payments, the lender will want to get a court order to sell the house in order to pay off what you owe. A “foreclosure lawsuit” is a common way to describe the legal process for this. Ohio law requires all foreclosure actions to go through the courts. Even though you have been sued, you have the right to remain in the property (and should) stay in the house until the Sheriff notifies you that the property has been sold, and you must move out. If the house is sold, you may only have 2-4 weeks to move unless the person who bought the property agrees to allow you to stay longer.

## **What should I do if I have gotten a foreclosure lawsuit?**

Do NOT ignore the lawsuit. Even if you are trying to work out a deal with your lender, make sure you do what is required concerning the lawsuit, or else the lender can get a default judgment against you. Read carefully the court "Summons" that came from the court with the lawsuit. As a general rule, you must serve and file within 28 days your "Answer" (or Request a Leave to Plead for additional time) with the court. You must serve the Plaintiff's attorney with a copy. If you do not file an Answer (or Leave to Plead) on time, then the Lender can get a default judgment that will allow it to foreclosure on the property. Your Answer tells the Judge about your side of the foreclosure lawsuit filed against you in the Judge's court. You may also have counterclaims against the lender, or claims against third parties concerning what happened concerning your mortgage (e.g., misrepresentation or fraud). Consult with an attorney when you first get your court papers if you think there has been misconduct by anyone concerning your mortgage.

## **What are foreclosure recovery scams?**

Foreclosure rescue firms use a variety of methods to find homeowners in distress: Some use either the Internet or public court records to find homeowners in distress. They then send personalized letters to the homeowners. Others advertise through newspapers, posters on telephone poles, Internet, flyers or business card as well as by telephone. They all claim that "We can guarantee to save your home and stop the foreclosure for a small fee." They may ask you to sign over your property deed or title as part of the plan to "prevent" foreclosure. However, they can take your money or your property, and do little or nothing concerning the foreclosure.

Know the **Warning Signs** of a foreclosure recovery scam to help avoid becoming a victim:

- Collects a fee before providing you with any services.
- Instructs you not to contact your lender, attorney or housing counselor.
- Tells you to make your mortgage payment to them directly, rather than to your lender.
- Advises you to transfer your property deed or title to them.
- Offers to buy your house for cash.

If you believe you are a victim of a foreclosure recovery scam, please file a complaint with the Ohio Attorney General's Office. You can call 1-800-282-0515 or file online at <http://www.ohioattorneygeneral.gov/ConsumerComplaint>.