

HAVING TROUBLE PAYING YOUR MORTGAGE?

If you're struggling to keep up with your monthly payments, take a look at the resources in this guide. You could find the lifeline you've been looking for.



HAVING TROUBLE W

Don't bury your head in the sand.

Open your mail.

Answer the phone.

STAY INVOLVED!

REACH OUT to your lender/servicer. They might be able to help you through:

Loan modifications,
Deed in lieu of foreclosure,
Short sale or other options to help you stay in your home.

Every lender/servicer is different, so speak with them to see what your options are.

Need help understanding some of these terms? Check out our definitions on pages 7-8.

QUICK TIPS FOR AVOIDING SCAMS

Be suspicious if a business or person:

Encourages you to stop talking to your lender/servicer.

Claims that the foreclosure process can be stopped no matter the circumstance.

Encourages you to sign over the deed to your home.

Asks for up front fees.

WITH YOUR PAYMENTS?

Research mortgage assistance/relief programs for which you may be eligible.

Need more hands-on help? Consider a credit counselor. They can:

US Department of Housing and Urban Development
www.hud.gov

Departments of the Treasury & Housing and Urban Development
www.makinghomeaffordable.gov

US Dept. of Veterans Affairs
www.homeloans.va.gov
or call (877) 827-3702

Our "Help for Homeowners" page: go to www.consumer.sc.gov, click on *Consumer Information*, then click *Help for Homeowners*.

Create a budget for you.

Guide you through the process of finding a pre-foreclosure option that could help you avoid losing your home.

Just MAKE SURE they are licensed with SCDCA

Check www.consumer.sc.gov under the *Licensee Lookup* tab.

WHAT TO EXPECT DURING

1. NOTICE

The Demand Letter: Sometimes called a “Right to Cure,” this letter is sent to you demanding payment of the past-due amount. This is your chance to catch up on your payments. Usually the demand letter is the last step before the lender/servicer files for foreclosure.

2. FILING

Summons and Complaint: This document starts the foreclosure lawsuit. The complaint will either be hand delivered or sent certified mail. A “**Notice of Foreclosure Intervention**” will also be included. The purpose of the Notice is to ensure that you have an opportunity to modify your loan or pursue other mortgage relief options before a foreclosure action moves forward.

3. ANSWER

MAKE SURE YOU RESPOND! You have **30 days** after being served with your summons and complaint to respond **IN WRITING**. If you don't, the lender/servicer can move for default judgment. That means that the judge sides with the lender/service and ***you could lose the right to fully defend yourself in court.***

4. HEARING

This is a court proceeding, usually conducted by a “Master in Equity,” which is a type of judge. This is your opportunity to explain why your home should not be foreclosed upon. At the end of the hearing the judge will decide whether to enter a judgment of foreclosure.

BRING FORECLOSURE

5. APPEAL

If a judgment is entered against you, you have **30 days** after receiving notice of the judgment to file an appeal. This gives you another chance to explain why your home should not be foreclosed.

6. FORECLOSURE FINAL

Once a final judgment of foreclosure is entered, the judge will usually set a sale date. Your home will then be advertised in the newspaper for three weeks and sold at public auction.

NEED HELP FINDING AN ATTORNEY?

To find an attorney who can help you with this type of case, you can call the **South Carolina Bar's Lawyer Referral Service (LRS)** at 1-800-868-2284 (toll free)

or **South Carolina Legal Services** at 1-888-346-5592 (toll free), to see if you qualify for free or reduced-fee services.

REMEMBER!

The fact that you and your lender/servicer are trying to work things out does not mean that the foreclosure action has stopped.

FORECLOSURE SCAMS

How It Works **Leaseback Scam**

A scammer will convince you to sign over your deed, promising that you can still live in the house while **they** collect your monthly payments. The fraudster will claim to be forwarding your payments on, but typically they are just pocketing the money. **When all is said and done, in addition to stealing your money, the scammer will also end up with your house!**

The Defense:

- 1.) Never transfer ownership of your home to a stranger.
- 2.) Keep making payments to your lender. Don't trust that someone else will make them for you.

How It Works **Loan Modification**

Fraudsters will contact you, often saying they represent a government agency or are approved by a government agency to do loan modifications. You may even receive an official looking mailer. Typically, they ask for high up-front fees in order to help you with a modification.

The Defense:

Contact your lender first. They will be able to tell you if you qualify for any government programs to prevent foreclosure. **You do not have to pay to benefit from these programs.**

How It Works **Debt Elimination**

This scam involves paying a hefty fee to have all your debts "forgiven." The fraudsters offer you a certificate to present to your bank or creditors to have all your debts wiped away. This phony legal document isn't worth the paper it is written on.

The Defense:

- 1.) **Research!** If you're looking for help with debt, contact a licensed credit counselor.
- 2.) **If it sounds too good to be true, it probably is.**

DEFINITIONS:

MORTGAGE RELIEF OPTIONS

<i>Deed-in-lieu of Foreclosure</i>	The process by which a homeowner may voluntarily transfer the deed to a home to the lender/servicer when payments cannot be made.
<i>Loan Modification</i>	A written agreement between the lender/servicer and the homeowner that permanently changes one or more of the original terms of the note.
<i>Long-term Forbearance</i>	An agreement to let the homeowner pay less than the full amount of his or her mortgage payment, or pay nothing at all, during a forbearance period of four to 12 months from the date of the agreement. <i>Mortgage must be brought current at end of the forbearance period.</i>
<i>Make-whole Pre-foreclosure Sale</i>	A short payoff becomes a make-whole pre-foreclosure sale when the servicer determines that the shortfall between the net sale proceeds and total indebtedness will be paid so that the lender/servicer does not sustain a loss.
<i>Partial Reinstatement</i>	A homeowner pays all outstanding fees and expenses. Completes a written repayment plan, including a stipulation agreement. Makes the first payment due under a repayment plan.
<i>Reinstatement</i>	A homeowner restores a delinquent mortgage to current status by paying the total delinquent amount.
<i>Repayment Plan</i>	An agreement that gives the homeowner a fixed amount of time to bring delinquent mortgage payments current by paying the normal monthly payment plus an additional amount.

DEFINITIONS CONTINUED

<i>Short Payoff/Short Sale</i>	When the lender/servicer allows the homeowner to list and sell the mortgaged property with the understanding that the net proceeds from the sale may be less than the total amount due on the first mortgage.
<i>Short-term Forbearance</i>	An agreement to temporarily let a homeowner pay less than the full amount of his or her mortgage payment, or pay nothing at all during the forbearance period. <i>Payments may be suspended for up to three months or reduced for up to six months. Mortgage must be brought current at end of the forbearance period.</i>
<i>Workout Mortgage Assumption</i>	A workout option that permits a qualified applicant to assume both the title to the property and the mortgage obligation from a homeowner who is currently delinquent in his or her mortgage payments, or in imminent danger of default.



South Carolina Department of Consumer Affairs

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