

## PAYOFF

A payoff means that you pay the entire loan in full plus fees and charges. You can do this at any time up to the sale of the property and this will result in a dismissal of any foreclosure action and full ownership of your home. After the judicial sale, this is called redemption. The homeowner usually has one month to redeem his/her property after the sale is approved by the court.

## SHORT SALE OR DEED-IN-LIEU OF FORECLOSURE

A short sale occurs when the lender agrees to accept less than the full amount due from a potential buyer of the property. A deed-in-lieu of foreclosure occurs when the lender agrees to take the house back in settlement of the debt. Lenders have requirements for a short sale that are covered, for non-GSE loans, by the Home Affordable Foreclosure Alternatives (HAFA) program. The government-sponsored loans (FHA, Freddie Mac, etc.) have similar programs.

The short sale or deed-in-lieu programs usually require that you list your house for sale with a realtor for at least 90 days. Contact your lender to apply for these programs and find out the rules.

Make sure that your lender will forgive the entire debt if you do a short sale or deed-in-lieu. And remember that the amount of debt forgiven will be considered income to you for tax purposes and you will be expected to pay taxes on that amount.

## REVERSE MORTGAGE

If you are over 62, you can obtain a reverse mortgage to pay off your home loan. This will allow you to remain in the home until you die. Your heirs will have to pay the reverse mortgage loan if they wish to keep your home.

Reverse mortgages are complex. You should contact HUD if you are thinking about pursuing this option. The counseling often costs about \$125 and you may also have to pay for an appraisal. Call: **1-800-569-4287** or visit

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/hecm](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hecm)

## KEEP YOUR HOME NEW MEXICO

United South Broadway Corporation partners with the New Mexico Attorney General and with non-profit organizations statewide to help homeowners at risk of losing their homes to foreclosure.

Working together, the partners provide housing counseling and legal services to New Mexico homeowners to help them avoid foreclosure or choose alternatives to foreclosure.

### FOR HELP

Call the HOTLINE at  
1-855-664-6630 for referral to  
housing counseling and legal services.

Or visit the website:

[www.KeepYourHomeNewMexico.org](http://www.KeepYourHomeNewMexico.org)



### Our partners:

CAFé ☐ DNA People's Legal Services ☐  
Independent Living Resource Center ☐ New Mexico  
Legal Aid ☐ N.M. Attorney General ☐  
Senior Citizens' Law Office ☐  
Springboard ☐ Tierra del Sol Housing Corporation

# FORECLOSURE ALTERNATIVES



*Having difficulty paying your  
mortgage?  
There is help!*



UNITED  
SOUTH  
BROADWAY  
CORPORATION

*1500 Walter SE, Suite 202  
Albuquerque, NM 87102  
505-764-8867*

*USBC offers HUD-Certified Housing  
Counseling, and Legal Services through its  
Fair Lending Center*

## GET HELP WITH YOUR MORTGAGE

Your mortgage company has programs that can reduce your payment or help you through a temporary financial crisis. You can also get help from HUD-certified housing counseling programs.

The type of loss mitigation program you can apply for depends on what kind of mortgage loan you have. The first step is to find out whether you have a Government Sponsored or Non-Government-sponsored (Non-GSE) loan.

Government-sponsored loans include:

- FHA, USDA and VA. The loan documents are so marked.
- FannieMae and FreddieMac. Go to [www.makinghomeaffordable.gov](http://www.makinghomeaffordable.gov) and click on "Tools"

*If you are denied a loan modification or other loss mitigation program, you can ask for a review through the "escalation" process. If you have a government-sponsored loan, you can also ask for a review by the government agency sponsoring your loan. Be persistent, keep applying, and get help from a HUD-certified counseling agency.*

## REFINANCE

Refinancing your loan means finding another lender who will loan you the money to pay off your existing mortgage and enter into a new loan with you. Generally this option is only available if you have good credit.

If you have a Fannie Mae or Freddie Mac loan, you may qualify for HARP (Home Affordable Refinance Program). You must also be current on your mortgage and have no payments more than 30 days late in the last 12 months. Your first mortgage cannot exceed 125% of the current market value of your home.

## REPAYMENT PLAN

A repayment plan is an agreement between you and the lender to catch up on the amount you owe. This usually means that your payments will be increased for several months until the arrearage is paid and then you go back to your regular payment.

## FORBEARANCE

A forbearance agreement will allow you to temporarily suspend or reduce your monthly payments for a specified period of time. If you are currently receiving unemployment compensation, you may qualify for a six-month reduced payment under a Special Forbearance plan and you can apply for a loan modification if you become employed during that six months.

## HAMP MODIFICATION

The Home Affordable Modification Program (HAMP) is designed to help homeowners with non-GSE loans. If you have an FHA, Freddie Mac, Fannie Mae, VA or USDA loan, you do not qualify for HAMP.

A HAMP modification can reduce your monthly housing payment (mortgage, taxes and insurance) to 31% of your gross monthly income. The interest rate can be reduced to as low as 2% for the first 5 years and your payments stretched out over 30 to 40 years. For the first five years, if you make your monthly modified payment on time, you will receive \$5,000 from HAMP toward your principal loan balance.

A HAMP modification requires a three-month trial period during which you begin making a modified payment. Although this trial period is supposed to last three months before the permanent modification is determined, it sometimes takes longer. We recommend that you continue making the trial payment for as long as the lender will accept it.

Information about the HAMP program is available at [www.makinghomeaffordable.gov](http://www.makinghomeaffordable.gov).

FHA, Freddie Mac and Fannie Mae have similar loan modification programs. The VA and USDA have special loss mitigation programs that the homeowner can apply for.

## LOAN MODIFICATION

If you don't qualify for HAMP, the lender can evaluate your eligibility for an "in-house" loan modification. An in-house loan modification will sometimes reduce your payments and interest rate. An in-house loan modification can also keep your payments about the same but move your arrears to the end of the loan.

## BANKRUPTCY

If you have a lot of debt, including the money owed on your house, *you can file for bankruptcy at any time during the foreclosure process*. This will place the foreclosure lawsuit "on hold" until the bankruptcy court processes your bankruptcy application.

Bankruptcy will NOT necessarily save your house. It will give you time to make a payment plan with the bank and make the payments on your house. It may also give you time to apply for a loan modification on your mortgage loan. You will need to consult with a bankruptcy attorney. You can also purchase a "pro se" (self help) packet at the bankruptcy court. You can find out more about bankruptcy at the Consumer Debt Workshops offered by the New Mexico State Bar: [www.nmbar.org](http://www.nmbar.org), 1-800-876-6227.

## REINSTATEMENT

This means that the homeowner pays what is past due plus fees and charges and reinstates the loan. The homeowner then continues to make the monthly payment required by the original mortgage and note. If you are able to reinstate, any foreclosure action will be dismissed.

### BEWARE OF FORECLOSURE RESCUE SCAMS



Be wary of anyone who:

- Wants an up-front payment to help you modify your loan
- Is an out-of-state law firm offering to obtain a loan modification for you
- Asks you to sign a deed giving them your home
- Claims that you have to move out of the home so they can sell it.

**If you think you have been scammed, or have questions, call the New Mexico Attorney General's Office at 1-505-222-9038.**