

IMPORTANT FORECLOSURE FACTS

With an estimated **462,100** California homes expected to be lost to foreclosure this year, consumers are worried. However, fear can lead to decisions that make matters worse. To avoid potential disaster, be sure to follow these do's and don'ts:

- ✓ **DO contact your lender or mortgage servicer ASAP.** Lenders don't want your home, but delaying action increases your chance of foreclosure. Being persistent and starting early will increase your chances of successfully working with your lender so you can keep your home. If your lender is unresponsive, contact a certified housing counselor or attorney to help you. Your mortgage servicer sends you your monthly bill and their address is on your mortgage statements.
- ✓ **DO open and respond to your lender's mail.** The first mail you receive will provide you options that can prevent foreclosure. Later you may be sent important notices of pending legal action. Not opening your mail **won't** stop your home from being foreclosed, but it **will** make you miss out on the opportunities to save it. Keep copies of everything!
- ✓ **DO understand your options.** Ask your mortgage lender, housing counselor or attorney if your loan can be restructured or if you can work out a repayment plan. You may be eligible for a refinanced or modified loan under a new federal plan – see <http://makinghomeaffordable.gov> for details.
- ✓ **DO contact an attorney or a certified housing counselor.** Non-profit housing counselors certified by the U.S. Department of Housing and Urban Development (HUD) can help you understand your options, organize your finances and help negotiate with your lender. Find a HUD approved counselor by calling 800-569-4287 or visiting www.hud.gov. Be sure to check the credentials of anyone claiming to be an attorney at www.calbar.ca.gov.
- ✓ **DO prioritize your spending.** Keeping your home should be your first priority. Review your finances, eliminate optional expenses and consider selling non-essential assets – a second car, jewelry and life insurance policies with cash value.
- ✓ **DO get legal assistance right away if you receive a foreclosure notice.** Contact an attorney, a local Legal Aid Society (www.dca.ca.gov/publications/guide/legal_index.shtml), or the National Association of Consumer Advocates (www.naca.net). You can also use the California Bar Association's Referral Services (www.calbar.ca.gov).

WARNING: If you transferred your title or paid someone to save you from foreclosure, you may be a victim of a crime. Call the California Attorney General: 800-952-5225

- ✗ **DON'T sign ANY document without reading it.** Scam artists will trick you into signing away your home by telling you that the documents are for a loan to pay off your mortgage. Fraudulent "foreclosure consultants" will also tell you that transferring the title to them will prevent foreclosure. **WATCH OUT** – these schemes could leave you homeless.
- ✗ **DON'T pay anyone promising to modify your loan without doing your homework.** Beware of *anyone* asking for an upfront fee! Before a foreclosure consultant can take your money, he must give you a contract detailing his services and then actually perform all those services (like negotiating lower payments or a new loan). *Anything less is against the law.* Real estate brokers can charge an advance fee, but *only* if their advance fee agreement is listed at www.dre.ca.gov. Advance fees can also be charged by attorneys who are *regulated* by the California Bar Association.
- ✗ **DON'T trust anyone before checking their credentials!** Be sure to check the credentials of anyone claiming to be an attorney at www.calbar.ca.gov. HUD approved counseling agencies can be checked at www.hud.gov. Starting July 1, 2009, all for-profit mortgage consultants must register with the California Attorney General: www.ag.ca.gov.
- ✗ **DON'T pay your mortgage payments to someone other than your lender.** Fraudulent foreclosure consultants often keep the money for themselves.
- ✗ **DON'T wait.** Don't wait for help to find you – you'll have to go and get it.

Facts compiled from information by the Center for Responsible Lending, the California Attorney General, Americans for Fairness in Lending and the attorneys of Howard | Nassiri, PC