

PRESERVING COMMUNITIES

Focus on Foreclosures

Addressing current issues relating to housing and homeownership

www.shra.org

June 2008



Dos and Don'ts of Foreclosure

Facing a foreclosure is a scary thing. However, there are things you should do – and shouldn't do – to avoid making the situation worse.

DO answer the phone and read your mail.

Your lender may be trying to contact you to help.

DO consider your options and be realistic.

Your lender may be able to offer a forbearance or repayment plan. You may want to consider selling your home before you face foreclosure.

DO be aware of certain financial responsibilities.

Even if your lender sells your property, you may be responsible for certain taxes. For IRS tax relief information, go to <http://www.irs.gov/newsroom/article/0,,id=174034,00.html>.

DON'T move out of your home.

In order to qualify for assistance, homeowners are often required to be living in their home.

DON'T convince yourself you can afford a home if you can't.

If your mortgage is beyond your means, consider selling your home and purchasing a less expensive home or renting for a period of time before the only option left is foreclosure.

DON'T fall victim to a scheme.

Some people want to profit by your misfortune by offering to contact your lender on your behalf – for a fee. Contact a HUD Certified Counseling Agency for free, safe and credible advice.

Source: Freddie Mac

OUTREACH AND EDUCATION

Sacramento Housing and Redevelopment Agency (SHRA), in conjunction with the Sacramento Regional Partners in Homeownership, is working with HUD-certified counselors, local lenders and real estate brokers to provide outreach and resources to assist, educate, and inform homeowners facing the loss of their home and to preserve homeownership.

Below is a list of upcoming opportunities for homeowners to obtain information on foreclosure and mortgage default. Foreclosure education and resource information is available at www.shra.org.

COMMUNITY MEETINGS AND WORKSHOPS

Homeownership Fair

Sponsored by Sacramento Regional Partners in Homeownership

Saturday, June 14 – 9 a.m. to 3 p.m.
Pannell Meadowview Community Center
2450 Meadowview Road, Sacramento
(916) 646-2005

Foreclosure Prevention Workshop

Sponsored by Greater Sacramento Urban League

Saturday, June 28 – 9 a.m. to 2 p.m.
3725 Marysville Boulevard, Sacramento
(916) 286-8600

NeighborWorks HomeOwnership Center

Foreclosure Prevention Seminars (English & Spanish)

Every Thursday from 11:30 a.m. to 1:30 p.m., and 6-8 p.m.
2400 Alhambra Boulevard, Sacramento
Pre-registration required at nwsac.org

ByDesign Financial Solutions

Free webinars and workshops on alternatives to foreclosure

www.bydesignsolutions.org or (800) 750-2227

Here's what participants say about the foreclosure workshops:

"Thank you for offering such helpful information and education to the public!"

"Very well organized and professional. I felt comfortable talking to the representative. There is hope!"

"Great information as well as very valuable."

"Very pleased to know all information remained confidential."

COMMUNITY STRATEGY

SHRA released a Foreclosure Tracking Report for the first quarter of 2008. Data from DataQuick Information Systems, analyzed by SHRA staff, reveal that Sacramento County's rate of foreclosures continued to increase in the first quarter of 2008. There were over 6,600 new Notice of Default (NOD) filings and almost 4,000 new Real Estate Owned (REO) filings in the County. These figures represent an 18 percent increase in NODs and a 51 percent increase in REOs over the last quarter. Compared to one year ago, this represents a 111 percent increase in NODs and a 261 percent increase in REOs. SHRA staff will continue to report findings on a quarterly basis.

The District Attorney's Office will be sending letters to homeowners who receive NODs from their lenders. The purpose of the letter is to alert them to foreclosure scams and provide helpful contact information to assist in addressing their foreclosure situation.

The County, City and SHRA have collaborated on a new 4x6 postcard to distribute at public counters and community events to inform property owners about scams to avoid. The card also includes contact information for safe, credible and free foreclosure and mortgage default counseling resources as well as links to other related information.



In May, Chase Homeownership Preservation Office presented a foreclosure workshop in Natomas sponsored by SHRA and the Sacramento Regional Partners in Homeownership.

EFFORTS AND TRENDS

FORECLOSURE LEGISLATION MOVES THROUGH CONGRESS

The House of Representatives approved a foreclosure and economic stimulus package (H.R. 3221). It contains authority for the Federal Housing Administration (FHA) to insure certain refinancings if the lender significantly reduces the loan's principal balance. Borrowers must be owner-occupants with high mortgage debt in relation to their income and share any profits at resale.

The bill funds a national Housing Trust Fund from Fannie Mae and Freddie Mac fees; increases allocations for Low Income Housing Tax Credits and tax-exempt mortgage revenue bonds to be used for refinancing; and authorizes funding for foreclosure counseling agencies setting aside funds for low-income and minority neighborhoods and legal assistance.

The House also passed a new HUD program (H.R. 5818) to help states and local governments purchase, rehabilitate and sell foreclosed properties. It provides 3- to 5-year loans or grants may be used for the costs of holding foreclosed properties while they are being rehabilitated and sold.

Congresswoman Doris Matsui introduced legislation establishing a 270-day moratorium on foreclosures for certain borrowers with subprime mortgages. Borrowers would have to continue to make payments based on the introductory rates of their loans during the period.

The Senate will be voting soon on an FHA-insured loan program similar to that in the House bill.

All bills will end up in a conference committee, expected around the end of July.

As part of the broader strategy to address the impact of foreclosed properties on communities, SHRA is contacting lenders with REO properties to coordinate sale programs with financial assistance to reach more potential homebuyers. SHRA is also in discussions with organizations to purchase multiple foreclosed properties to further lessen the impact on communities with sales to individual homebuyers after the homes have been repaired. The goal of these discussions is to fully utilize local, state and federal resources as they become available for addressing the impact of foreclosures on neighborhoods.