

U. S. DEPT OF HUD
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Housing Counseling and Foreclosure Prevention:

Presented By:
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Facts About Elizabeth City State University

- Founded in 1891 as an institution to educate African Americans
- Located in Elizabeth City, North Carolina
- Elizabeth City State University is one of 16 state operated institutions comprising the University of North Carolina System

Facts About Elizabeth City State University

- Liberal Arts university enrolling approximately 3000 students
- University is actively involved in the community and economic development of northeastern North Carolina via various academic and outreach activities

Community Development Program

- Established in 1988 through a HBCU Grant
from U.S. Dept. of HUD

- **Program Focus Areas**

Affordable Housing
Neighborhood Revitalization
Economic Opportunity

Service Area/Target Population

■ **Primary Service Area**

- Elizabeth City and surrounding rural communities/counties in northeastern NC

■ **Primary Target Area Characteristics**

- About 50 % low/moderate income residents
- Median Family Income - \$35,000
- Poverty rates ranging from 13.5% - 21.5% in rural six-county target area
- About 40% African American and other minorities
- Primary Employers – University, hospital, public schools, and U. S. Coast Guard Base

Types of Housing Counseling Services Offered

- **Pre-purchase**
- **Homebuyer Education**
- **Rental**
- **Post-purchase**
- **Loan Document Review**
- **Fair Housing**
- **Mortgage Delinquency/Foreclosure**
- **Home Rehabilitation**
- **Credit/Financial Literacy**

Counseling Activities Prior to Housing Market Crash

- Prepurchase/Homebuyer Education (75%)
- Delinquency/Foreclosure (12%)
- Rental (10%)
- Other (3%)

Foreclosure Crisis in U. S.

The Dream of
Homeownership
Becomes A
Nightmare for
Millions of U. S.
Homebuyers



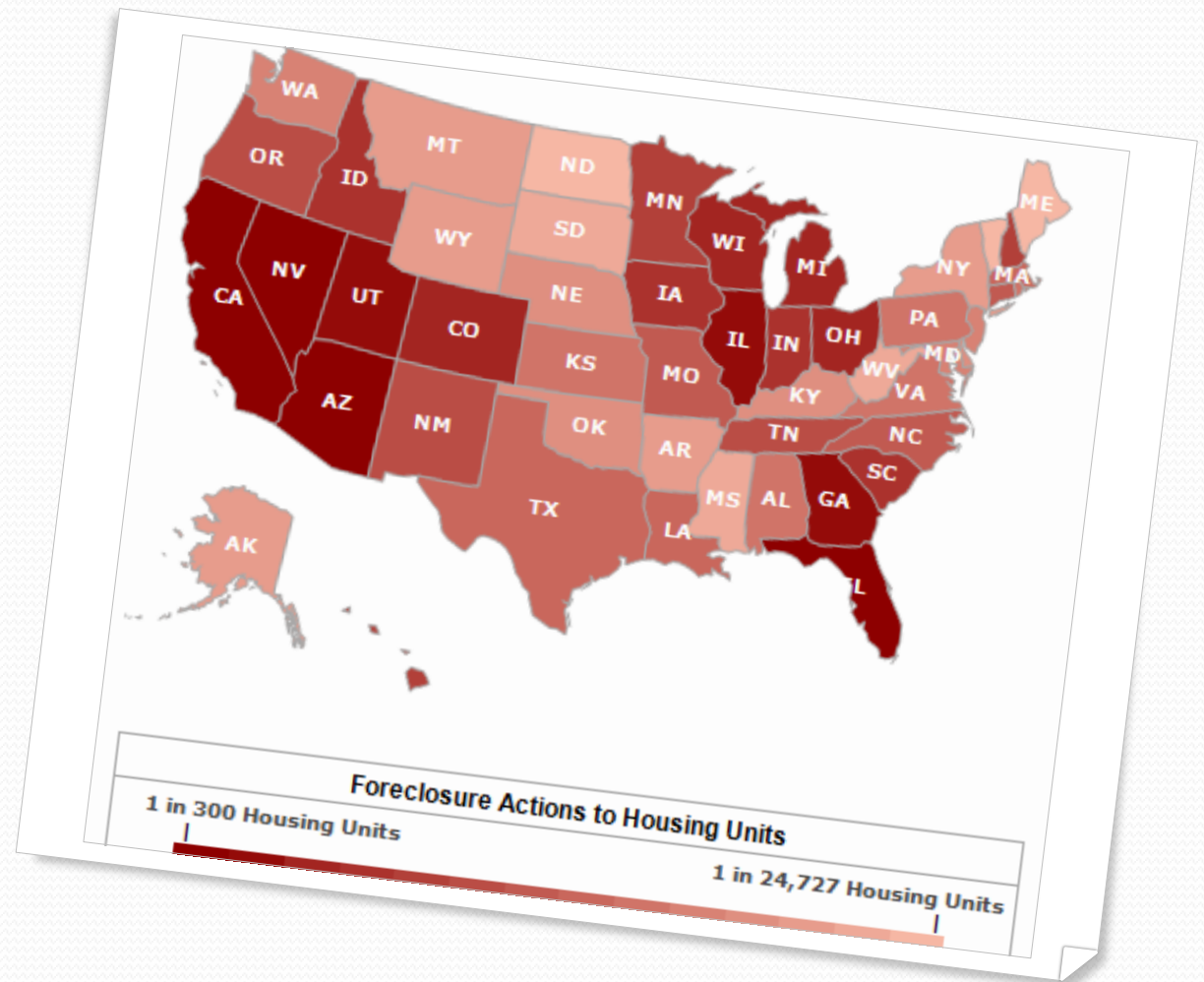
Foreclosure Crisis in U. S.

- First Quarter 2012 -- 572,928 Foreclosure Filings in U. S.
- First Quarter 2012 -- 1 in Every 230 U. S. Housing units with Foreclosure Filing
- Down 2% from Previous Quarter
- Down 16% from 1st Quarter 2011

Foreclosure Crisis in U. S.

1st Quarter 2012 –
States with Highest
Foreclosure Rates

- Nevada
- California
- Arizona
- Georgia
- Florida
- Illinois
- Michigan
- Colorado
- Utah
- Wisconsin



Major Causes of Foreclosure

- Loss of Income
- Loss of Employment
- Divorce
- Poor Financial Management
- Over-extended Obligations
- Long-term Illness
- Lack of understanding of mortgage obligations and Sub-prime markets
- Denial

Post Housing Counseling Helps to Avoid Foreclosure

- Prioritize
- Make your mortgage payment on time
- Open your mail
- Contact your lender if having a problem with mortgage payment
- Create a Budget
- Financial Management
- Avoiding scams (i.e. mortgage, contractors, etc.)
- Mortgage Default/Foreclosure

Foreclosure Prevention Strategies

- Counseling Services
 - Help homeowners facing foreclosure work out agreements with their lenders through LOSS MITIGATION

LOSS MITIGATION OPTIONS are designed to restore a loan to current status

- **Repayment Plan:** Extends from 2 to 18 months. Servicers generally require a good faith payment up front, similar to a down payment, before they will agree to a repayment plan.
- Applies when a homeowner's financial crisis has been resolved and they can afford to pay extra each month to catch up on their missed payments.

Foreclosure Prevention Strategies Continues

- **Loan Modification**: A written agreement between homeowner and lender to permanently adjust the terms of the mortgage, (i.e., lower the interest rate, payment amount or extend the loan period)
- **Forbearance**: An agreement to suspend or reduce normal monthly payments for a fixed period of time
- **Partial Claim**: Offer significant relief to homeowners whose loans are at least four payments late, but not more than 12 months in arrears.

Foreclosure Prevention Strategies Continues:

Strategies in cases where home cannot be saved

Disposition Options

Sell the Property: A direct approach to resolving the delinquency. If sufficient equity in the property to cover selling costs and it is clear that the delinquency **is not curable**.

- **Short Sale/Pre-foreclosure Sale/Short Payoff**: These are all terms used to describe a sale of a property for less than the amount necessary to payoff the loan in full.

Foreclosure Prevention Strategies

- **Deed-in-Lieu of Foreclosure “DIL”**: Borrower voluntarily conveys title to the lender in exchange for a discharge of the delinquent debt
- **Foreclosure**: No workout option may be viable or available

Beware of Foreclosure Scams

Professionals use half truths and outright lies to sell services that promise relief and then fail to deliver:

- Phony Counseling or Phantom Help
- Bait-and-Switch
- Rent-to-Buy Scheme
- Bankruptcy Foreclosure

Tip

- **Tip on being a Smart Consumer**
- Before you buy a home, attend a homeownership education course offered by a U. S. Department of Housing and Urban Development (HUD) approved, non-profit housing counseling agency.
- Housing Counselors are not Attorneys nor Accountants but instead provide guidance and advice to help individuals and families improve their housing conditions and meet the responsibilities of tenancy and homeownership

Government Resources

- A Listing of HUD-approved Housing Counseling Agencies by state can be found on HUD's website at:

www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm

Federal Trade Commission

www.ftc.gov

HOPE NOW

www.hopenow.com or 888-995-HOPE

Foreclosure Relief Scams – NCLC

www.nclc.org/issues/foreclosure-relief-scams.htm

Making Home Affordable

www.makinghomeaffordable.gov