Mortgage Default and Foreclosure Prevention Informational Workshop

Presenter –
Karen Pierce, Housing Resource Lead

ACCESS
Jackson /Josephine County
3630 Aviation Way
Medford, OR  97504
541-774-4305

March 2014, KMP
A Brief Overview of Housing Counseling

- Counseling Roots: First Time Homebuyers
- 2007/08 – Foreclosure Crisis
- SB558 and Resolution Conferences
- Judicial/Non-Judicial Foreclosure Processes
- Benefits of Counseling
  - Counselors are: Information, Resources, Support, Advocacy
  - Counselors are not: Attorneys, Tax Advisers, Dictators, Personal Servants

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Benefits of Counseling

- Assess your ability to keep your home
- Review and understand your loan documents
- Prepare and submit request to your lender
- Prepare for a mortgage resolution conference
- Create and adopt a household budget
- Help navigate a very complex process
- May 2012 Foreclosure Counseling Outcome Study – 69% of counselees obtained a mortgage remedy
  http://www.huduser.org/portal/publications/hsgfin/foreclosure_counseling.html
- No charge for our mortgage counseling services

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Analysis

- Is your financial hardship short-term, long-term, permanent?
- Is your income stable or does it change from month to month?
- What are your expenses?
- At the end of each month, do you have a negative balance?
- What percentage of your gross monthly income goes to housing? To other balances on your credit report?
- Options to keep your home – i.e. refinance, forbearance, repayment, modification; Options to exit - short sale, deed-in-lieu of foreclosure; recommendations on seeking legal/tax advice, be aware of scams

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## Workout Options ‘Waterfall’

<table>
<thead>
<tr>
<th>Workout Option</th>
<th>Outcome</th>
<th>Basic Premise</th>
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<tbody>
<tr>
<td>Reinstatement</td>
<td>Keep</td>
<td>Payoff arrears – lump sum</td>
</tr>
<tr>
<td>Repayment Plan</td>
<td>Keep</td>
<td>Payoff arrears – over time</td>
</tr>
<tr>
<td>Refinance</td>
<td>Keep</td>
<td>New loan @ lower rate</td>
</tr>
<tr>
<td>Forbearance</td>
<td>Keep</td>
<td>Temporary reduction/halt of payments</td>
</tr>
<tr>
<td>Modification</td>
<td>Keep</td>
<td>Change terms for lower payment</td>
</tr>
<tr>
<td>Sale</td>
<td>Exit</td>
<td>Self-Explanatory</td>
</tr>
<tr>
<td>Short Sale</td>
<td>Exit</td>
<td>Sell for less than balance due</td>
</tr>
<tr>
<td>Deed-in-Lieu</td>
<td>Exit</td>
<td>Deed home back to bank</td>
</tr>
<tr>
<td>Foreclosure</td>
<td>Exit</td>
<td>Trustee/Court ordered sale of home</td>
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• Who IS the Decision Maker?

Photo courtesy of: http://www.flickr.com/photos/drurydrama/1138685916
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Resources

- Homeowners frequently initiate attempts to workout their financial hardship directly with their Servicer by contacting their Home Retention Dept. or Short Sale Dept. depending on the homeowners’ goal.

- Some Servicers will conduct a financial interview with the Homeowner by phone, then generate an application package that is sent to homeowners they determine eligible to apply.

- Many Servicers have their forms available online, or you may start the process online. We recommend you call and speak with a live person, though, always asking for their name and employee ID number.

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Advocacy

- Counselors act as advocate's for the homeowner, once the homeowner has made a decision about which course of action they want to pursue.
- The counselor's role as advocate may continue throughout the workout process, and sometimes after, as the homeowner re-establishes financial stability.
- The counselor can help the homeowner know what other assistance may be available to them in the community.
Facilitation

- The counselor facilitates between the servicer and the homeowner, including submitting initial requested documents and explaining procedures.
- The counselor can also help the homeowner understand the terms of the workout and what response is needed from the homeowner.
- Assist homeowner with understanding and utilizing escalation resources such as the Oregon Department of Justice, Attorney General, HAMP Solutions Center, Veteran's Administration and FHA National Servicing Center.
Is the decision maker the man behind the curtain?

Photo courtesy of: http://www.flickr.com/photos/clankennedy/2543807718/
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What do counselor’s need?

- Accurate information, from both the servicer and the homeowner occupying the home
- Consistent guidelines (acknowledging that these are servicer and investor specific)
- Open channels of communication
- Easily accessed forms, phone numbers, and fax lines, with the ability to verify receipt of submissions
- Escalation resources
- Updates as programs change
- Partnership/cross-education/feedback

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Client Steps to Follow

- Keep a notebook, logging all communications with your servicer. Include the date + time of call, name and employee ID number of person you spoke with and a brief description of call.

- Be as patient as you can when calling your servicer. You need the person on the other end of the line to help you, even though you may be extraordinarily frustrated with the process.

- Comply **immediately** with every document request you receive from your servicer, or you run the risk of your request for financial hardship assistance being cancelled.

- Gather information from reliable resources such as
  - www.makinghomeaffordable.gov,
  - www.OregonHomeownerHelp.org
  watching out for scams

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The Foreclosure Process

Foreclosure is the legal process a lender initiates to force the sale of a mortgaged property when the borrower has not met the terms of the loan agreement. Foreclosure technically begins either by the filing of a complaint for foreclosure in court or by the recording of a Notice of Default in the county land records. Foreclosures can also be initiated by other entities that have a lien on a property, such as the county, if property taxes are not paid.

**TYPES OF FORECLOSURE**

There are two types of foreclosure processes in Oregon:

- **Judicial Foreclosure:** In a judicial foreclosure, the lender (or a representative acting on its behalf) takes you to court to recover the money you owe by selling the house used to guarantee the repayment of the loan. Early on in a judicial foreclosure, the homeowner will receive summons or some similar notice that requires them to appear in court regarding the foreclosure and sale of their property. In a judicial foreclosure, the matter is resolved through the court system, and borrowers are strongly encouraged to consult an attorney for guidance and assistance as soon as possible.

- **Non-Judicial Foreclosure:** In a non-judicial foreclosure, the mortgage lender or loan servicer will file a "Notice of Default." For non-judicial foreclosures of a residential trust deed in Oregon filed after July 11, 2012, the loan servicer or lender is also required to send you a "Notice of Mediation" informing you of your right to mediation with the lender.

If you have any questions about the types of foreclosure, talk to a foreclosure prevention counselor.

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Judicial Foreclosure Timeline

<table>
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<tr>
<th>Payment Due</th>
<th>Day 15</th>
<th>Day 30</th>
<th>Day 90</th>
<th>Day 120</th>
<th>Day 210</th>
<th>Day 225</th>
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<tbody>
<tr>
<td>Late Charge Due</td>
<td>Day 16</td>
<td></td>
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Collection Calls from Servicer

In Process for Home Retention/Alternative to Foreclosure Programs

Time frame dependent on court calendar

30 Days to "Appear" from date of service to file a legal "motion", or "answer" and pay fee or Default Judgment Issued

160 Day Redemption Period to pay entire balance, 9% interest, buyers repairs/maintenance and attorneys fees

THESE ARE ESTIMATES ONLY! TIMEFRAMES VARY DEPENDING ON THE SERVICER, THE COURT CALENDAR, THE SHERIFF'S CALENDAR (www.oregonsheriffs.com/sales.htm), ETC.

Homeowners are strongly encouraged to consult an attorney right away to help protect your rights.

www.oregonstatebar.org/public/ris/

March 2014, KMP
IN THE CIRCUIT COURT OF THE STATE OF OREGON
IN AND FOR THE COUNTY OF JOSEPHINE

WELLS FARGO BANK, NA

Plaintiff,

Case No. 12-CV-

COMPLAINT FOR DEED OF TRUST
FORECLOSURE

vs.

NOT SUBJECT TO MANDATORY
ARBITRATION

CLAIM EXCEEDS $100,000
PRA CIVIL RULE 5
PEA AUTHORITY: OR. REV. STAT. 95, SEC. 15
(1)(6)

AND OCCUPANTS OF THE
PREMISES

Defendants.

Plaintiff, Wells Fargo Bank, NA, by and through its counsel of record, James A. Craft, of
the law firm Shapiro & Sitherland, LLC, files this Complaint for Deed of Trust Foreclosure on
the property located at

1. VENUE AND JURISDICTION

This Complaint arises out of dealings between the parties with respect to a residential
Deed of Trust on the subject real property. The subject real property is the sole security for the
Deed of Trust and is located in Josephine County, Oregon. Both the Plaintiff and the Defendants

March 2014, KMP
Non-Judicial Foreclosure Timeline

Payment Due

- Day 15
- Day 30
- Day 90
- Day 120
- Day 210
- Day 225

Notice of Intent to Accelerate
Day 30+

Published 4 weeks
Day 90-118

Notice of Mediation sent with Notice of Default/Trustee Sale

Collection Calls from Servicer

In Process for Home Retention/Alternative to Foreclosure Programs

Sheriff's Notice to Evict

Moving Day

5 Day Redemption Period

March 2014, KMP
SB558 which incorporates judicial foreclosure filings was approved, signed into law and became effective August 4, 2013, replacing SB1552. If you are falling behind on your home loan and have not previously entered into a foreclosure avoidance measure with your servicer/investor, falling in to the “At Risk” of default definition as certified by Housing Counselor, you may request a resolution conference which your housing counselor would register you for. If the Beneficiary wishes to proceed with Foreclosure, they will contact the Service Provider who will send the Notice of Resolution Conference within 10 days letting you know you have the right to request a resolution conference to which you must respond by the date specified in the notice, pay your fee of up to $175, and provide your documentation in order to have the opportunity participate. Lack of response by the notice deadline is automatically assumed to be a decline to participate.

www.ForeclosureMediationOR.org

March 2014, KMP
Background

- High foreclosure rate has led to numerous complaints with Oregon DOJ
- Many complaints are routine
- Most involve loan modification/short sale requests:
  - Lost paperwork
  - No decision for months
  - Inconsistent instructions
  - “Dual Track” complaints

Photo courtesy of: http://www.flickr.com/photos/annayanev/3491617954/
March 2014, KMP
The Key Players

- Service Provider (Mediation Case Manager/ local Facilitator)
- Beneficiary (Lender-by phone)/Representative (Attorney-in person)
- Grantors (Homeowners occupying property)
- Grantor’s Legal Representative
- Housing Counselor (ACCESS)
- Regulator (DOJ)

www.ForeclosureMediationOR.org

June 24, 2013, KMP
Attendees at the Resolution Conference:

- Homeowner (possibly with their attorney or housing counselor)
- Resolution Conference
- Beneficiary / Lender (usually on the phone) - Beneficiary / Agent (attorney - live body)
- Facilitator (Neutral third party)
SB 558 Exclusions

- Lender has had less than 175 foreclosures on residential trust deeds in the last calendar year, and applied and been approved as exempt for that year
- SB 558 requires certification by a Housing Counselor homeowner is deemed At Risk of default
- Previously in a workout or foreclosure process begun prior to August 4, 2013
- Homeowner doesn’t respond to Notice of Resolution Conference sent by service provide (open your mail!), submit the required documents and pay the fee

March 2014, KMP
The 558 Process

- Beneficiary/Lender notifies Service Provider of intent to foreclose, Service Provider sends Notice of Resolution Conference within 10 days, and *Grantor “opts in”, submitting required documentation and $175 fee (reduced to $50 for low income) within 25 days; or Homeowner identifies themselves as at “At Risk” of foreclosure, Housing Counselor certifies financial hardship/default and registers Homeowner for Resolution Conference, required homeowner documentation is provided and Homeowner pays their $175 (or $50) to “Mediation Case Manager” per their instructions. Service Provider sends notice of scheduled Resolution Conference date/time.
- Required documentation is submitted by Beneficiary to the Service Provider within 25 days of Service Provider notifying them Grantor/Homeowner submitted their documents to the Service Provider, with Beneficiary requesting any additional documentation required to proceed
- Grantor attends Housing Counseling with OHCS approved housing counseling agency’s Certified Foreclosure & Default Prevention counselor providing any additional documentation required by Beneficiary to the Service Provider
- Grantor, Grantor’s Legal Representative/Housing Counselor (if available and/or applicable), Beneficiary, Beneficiary’s Representative (if Lender doesn’t appear in person) and Facilitator (who is a neutral party) meet for Resolution Conference
- Service Provider issues the Beneficiary’s Certificate of Compliance or Certificate of Non-Compliance and notifies Department of Justice of outcome of the resolution conference
- Grantor/Homeowner and Housing Counselor continue to work toward the final outcome to avoid foreclosure

*IF YOU DO NOT RESPOND AND OPT IN TO A BENEFICIARY INITIATED RESOLUTION CONFERENCE, YOU HAVE LOST THAT LEGAL RIGHT TO PARTICIPATE AND THE BENEFICIARY WILL RECEIVE THE CERTIFICATE OF COMPLIANCE THAT ALLOWS THEM TO PROCEED WITH FORECLOSURE.

March 2014, KMP
Counseling

Pre-Resolution Conference Counseling Information Session (Basic information)

➢ Role of housing counselor and homeowner

➢ Foreclosure Process and timeline

➢ Key players and communication in the foreclosure process

➢ Potential workout options

➢ Overview of resolution conference process/timelines/homeowner obligations/Service

Provider info/costs/assist with submitting required documents to Service Provider

March 2014, KMP
Counseling (Cont’d)

Foreclosure/Pre-Resolution Conference Counseling and Preparation and At-Risk Counseling (Standard - in depth, specific to homeowners’ situation)

➢ One hour or more (usually 2 hours) of one-on-one housing counseling also covering specifics to the Resolution Conference process with a certified Foreclosure Intervention and Default Prevention Counselor based on their review of your specific circumstances

➢ Register At-Risk Homeowners for Resolution Conference deemed to be more than 30 days in default/experienced a financial hardship eligible for a foreclosure avoidance measure

➢ In depth budgeting, credit review and affordability analysis

➢ Recommend foreclosure avoidance programs best suited to financial situation

➢ Assist with required documentation for resolution conference

Attend Resolution Conference (Case by case, determined by Counseling Agency)

➢ Subject to capacity and housing counselor availability

➢ Review the servicer documents prior to the Resolution Conference

➢ Determine all Grantor required documents are completed and available

March 2014, KMP
Counseling (Cont’d)

Prior to one on one counseling session Homeowner shall:
- If Notice of Resolution Conference is received and they’ve elected to participate, complete Universal Intake Form, upload/submit necessary documents into Service Provider database and pay their fee($50-175 depending on income) by deadline specified in Notice of Resolution Conference
- Supply ACCESS with documentation requested to attain standard counseling

Assigned Counselor shall:
- Review Homeowner’s case in Service Provider database prior to individual appointment, assisting homeowners having difficulty with submitting necessary documents to Service Provider (Basic/Standard Counseling)
- Discuss with homeowner loan workout solutions based on credit report and review of financial situation, making recommendation based on that review resulting from individual counseling (Standard Counseling)
- Provide recommended foreclosure alternatives based on in depth review and prepare homeowner for resolution conference (Standard Counseling)
- Go over with homeowner necessary documents submitted to the Service Provider by Lender (if attending Res Con+Standard Counseling completed)

February 2013, KMP
Counseling (Cont’d)

- No Legal Advice or Representation. Unless Counselor is an attorney licensed in the State of Oregon, or has on its staff such a licensed attorney (ACCESS does not), they shall refrain from the giving of any specific legal advice to Homeowner in connection with addressing a Homeowner’s housing need or attempting to legally resolve a Homeowner’s housing problem. Notwithstanding any limited exception set forth above, the giving of specific legal advice, under any circumstances, does not take place in housing counseling and homeowner bears sole responsibility for obtaining of such legal advice.

WE DO NOT GIVE LEGAL OR TAX ADVICE, BUT RECOMMEND YOU OBTAIN THIS ADVICE FROM QUALIFIED ATTORNEY OR ACCOUNTANT, AS NEEDED

February 2013, KMP
You have requested a resolution conference with Bank of America. The resolution conference will take place on a date between 10/1/2013 and 11/9/2013.

In order to participate, you must follow the steps and timelines listed below. If you do not, your case will be closed, and your lender will receive a Certificate of Compliance.

If you need help at any time, call the service provider, Mediation Case Manager, toll-free at (855) 658-8733 or visit the website at www.ForeclosuresMediationOR.org for more information.

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<thead>
<tr>
<th>RESOLUTION CONFERENCE DATE, LOCATION, AND TIMELINES</th>
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<tbody>
<tr>
<td>Date Range of the Resolution Conference: 10/1/2013 TO 11/9/2013</td>
</tr>
<tr>
<td>Location of the Resolution Conference: EAGLE POINT, OR</td>
</tr>
<tr>
<td>Unique Passcode to Access Your Case Online: (GO to <a href="http://www.ForeclosuresMediationOR.org">www.ForeclosuresMediationOR.org</a>)</td>
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**STEP 1: Pay the Required Fee**

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<tr>
<th>Deadline to Pay Your Fee: 9/26/2013</th>
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State law requires you and your lender to each pay a fee to cover the cost of the resolution conference. Your fee is $175. Your lender will pay $525. Mail your payment to MCM with the included Payment Form. The payment must be postmarked by the deadline above, or the resolution conference will be canceled without further notice to you and your lender will receive a Certificate of Compliance. After you pay the fee, you will be sent a second notice with the exact date and time for the resolution conference.

If you are low income, all but $50 of your fee may be waived. To apply for a fee waiver, you must pay the reduced fee with the included Payment Form by the deadline above.

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STEP 2: Meet With a Housing Counselor

Deadline to Meet With a Housing Counselor: Before the Resolution Conference

If at all possible, you should meet with your housing counselor before your document deadline. Your housing counselor will help guide you and advocate for you throughout the process. At your request, they can attend the resolution conference with you. Your counselor will:

- Help you gather and submit the required documents;
- Advise you about options that might help you avoid foreclosure;
- Evaluate your situation and create the best possible proposal to your lender.

STEP 3: Submit the Required Documents

Deadline to Submit Your Documents: 9/20/2013

You must submit the documents listed below to help your lender evaluate your for an alternative to foreclosure. You or your housing counselor can submit the documents to MCM online by creating an account at www.ForeclosureMediationOR.org.

Incomplete documents are the number one reason that lenders deny applications for assistance. One unchecked box or missing page can mean a denial, even if you should qualify. A housing counselor can help you put together the right documents in the right way to increase your chances of being approved.

Within 25 days after you submit your documents, your lender must submit information about your case to MCM. MCM will make the documents available to you through your online account.

Documents You Must Submit:

1. Universal Intake Form or any similar form required by your lender (available from your housing counselor or your MCM online account)
2. Verification of Income (all that apply):
   - Paystubs (two most recent months)
   - Profit and Loss Statement (if self employed, must recent quarterly or year-to-date)
   - Benefits Statement or Letter from Provider (social security, disability, retirement, unemployment, etc.)
   - Divorce Decree or Separation Agreement (if seeking spousal support or alimony)
3. Verification of Expenses/Debt (all):
   - Bank Statements (two most recent months)
   - Utility Bill
4. Other Documents (all):
   - Tax Returns (two most recent years)
   - Property Tax Statement
5. Additional Documents Specified by Your Lender

STEP 4: Attend the Resolution Conference
Date Range of the Conference:
10/15/2017 to 11/5/2017

After you pay the fee, you will receive a separate notice with the exact date and time of the resolution conference.

You must attend the resolution conference in person unless there is a compelling reason that you cannot attend. (Contact CM if you are unable to attend in person or need special accommodations.)

You may be represented by an attorney or a housing counselor at the resolution conference. Free or low-cost legal assistance may be available if you are low income. See the Foreclosure Resources page for more information.

Mediation Case Manager
401 NW Market Street
Seattle, WA 98101

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<tr>
<th>Telephone:</th>
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<tbody>
<tr>
<td>Fax:</td>
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<tr>
<td>Email:</td>
<td></td>
</tr>
<tr>
<td>Website/Portal:</td>
<td><a href="http://www.1800foreclosures.com%E6%88%961800.org">http://www.1800foreclosures.com或1800.org</a></td>
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Outcomes of Resolution Conferences

➢ Resolution Conference results in an Agreement between Grantor and Beneficiary
  ○ Modification, Repayment, Forbearance, Reinstatement
  ○ Sale, Short Sale, Deed-in-Lieu

 ➢ Continuance is given to gather additional documentation/information (Grantor, Beneficiary & Facilitator must agree to continuance)

 ➢ Impasse

February 2013, KMP
Mortgage Counseling

If you have completed your Universal Counseling Intake Package and brought copies of the required documentation, we will be calling you by number now. If not, you may pick up our Universal Counseling Intake Package on your way out if you would like to enter into our mortgage counseling program and meet one-on-one with a housing counselor. Once completed and you have copies of the required documents, drop the completed forms and copies off at our main ACCESS office at 3630 Aviation Way, Medford in an envelope addressed to “Homeownership Center” and you will be assigned a housing counselor who will review them, then contact you to schedule an appointment to meet with you.

March 2014, KMP
Questions?

Disclosure: ACCESS provides default and foreclosure prevention classes in which ACCESS staff and volunteer instructors and its partners provide information and education on numerous loan programs and housing program. This information and education in no way obligates any of our clients or students to choose or to use any of these particular loan products or housing programs.

October 1, 2013, KMP