

DIRECTORY OF RESOURCES

HOT OFF THE PRESS!

(ISSUE FOR: December 1, 2008-Always Check for Updates)

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I. PROPRIETARY PROGRAMS:

- A. COUNTRYWIDE:** Countrywide, for the most part, has “failed” to be viable and was purchased by Bank of America, which had formerly loaned it a lot of money and realized it was not going to get paid so that take-over was a better financial plan. A good portion of its loan portfolio was the subject of a law suit by a number of states Attorney Generals in which inappropriate practices in generating loans and rating borrowers into loans was alleged and in settlement it agreed to apply a special workout program for approximately 12,000 Arizona loans (and others). The work out range is for the most part balance deferrals, interest reductions, loan deferrals, short sales and in some extreme cases deed-backs. In addition, there is assistance to those who have already been foreclosed on. These appear to all be changes that the lender would report into the credit system, though, in most cases, the borrower is already in the system adversely due to payment shortfalls. So far, approvals have been sluggish in timing. Nonetheless, B of A has created a very comprehensive application and alternative plan sheet. It is available on-line. The contact point is (800) 669-0102. (www.countrywide.com). If the borrower or agent is not happy with the results and progress of any workout, you can contact the Arizona Attorney General directly to complain.
- B. BANK OF AMERICA:** Though Bank of America is actually the entity contacted (see above) for the Countrywide workouts, it also has delinquent assets on its own books. Probably for the same reason that Countrywide workouts are slow, Bank of America is also slow on its own programs at this point. It is likely, though, that it will follow the Countrywide protocols, above. There is no published website as of this writing for B of A loans, demonstrating essentially that it has no articulated program as do many of the other lenders, except for its Countrywide acquisition which has been its greatest burden. The contact phone is (800) 846-2222. Continue to Google for a workout on B of A loans and it will likely be there, soon. In addition, look at the federal workout options, below, since they apply to all of the affected loans, no matter which lender books them.

- C. **M&I:** This lender is “hot and cold,” depending upon who is reached there on a contact. It appears to have a loss mitigation number, but no real program that it is ready to publish, either. Like B of A, watch for one coming at some point on Google. In addition, depending upon who one reaches at the mitigation number, the process can be amenable or cold. Several calls might get one to the “warmer” people. Here is the phone contact for work-outs until a website is obtained. Call (866) 473-4333 press option 6 or call (877) 849-6160 for a Phoenix team of specialists. Check also www.mibank.com as that is the first place a published program would show up. As for B of A, also note the federal programs, below, that bind all lenders.
- D. **JP MORGAN CHASE, WAMU, EMC:** JP Morgan/Chase seems to be more organized. JP Morgan Chase plans to offer \$110 billion to loan modifications of mortgages with plans to expand its modification program within the next 90 days (making that by February, 2008 as of this writing) to help 400,000 homeowners avoid foreclosure. The loan modification offer is also extended to clients of Washington Mutual Inc. (WAMU), which JPMorgan purchased in November, and of EMC, also owned. Loan modifications may include interest-rate or principal reduction on owner-occupied mortgages for homeowners who show a willingness to pay. Chase plans to establish 24 regional mortgage counseling centers in areas with high foreclosure rates. Chase will start a new process to independently review each loan before moving it into the foreclosure process and will temporarily suspend foreclosures while the changes are being implemented. Start the process by calling (866) 550-5705. See the detailed program at (www.jpmmorganchase.com)
- E. **WELLS FARGO Home Mortgage:** Wells Fargo is also well-staffed at this point for loss mitigation, and it does have a program that it is willing to publish. See below. It is willing to deal and is dealing. It is currently most receptive to homeowners who are 90 days or more delinquent to qualify for “Project Life Line” which offers customers a fresh start. That will likely change, though, and they will “hear” people who are getting ready to go into default, pursuant to a policy statement recently suggested by Blaire, the chair of FDIC who recently stated (and had figures to suggest) that “waiting until default makes it tougher to rehabilitate”. Decisions are made on a case by case basis. The workout cannot be started or considered until the following number is called: (800) 678-7986 (866) 398-7556. (www.wellsfargo.com). Also go to wellsfargo.com/mortgage/account/paymenthelp.
- F. **CITIGROUP and WACHOVIA:** (866) 272-4749 This is another of those “fortress banks” that appears to have a policy in place and established criterion. Just got a huge bail-out package from the feds. Took over Wachovia a short time ago. The central mitigation contact points are as follows: Website: www.citimortgage.com click HELP, then click “hardship assistance” under “My Mortgage Account”. Download application. Fax government loan applications to (301) 696-4473 fax conventional loan apps to (636) 261-7706 or mail to:

CitiMortgage Dept 0010
Corporate Dr.
Frederick, MD 21703

On November 24, 2008, the Feds signed off on a bailout for Citigroup that had “strings” attached, unlike many of the other bailouts. The Feds infused capital and agreed to “back up” failed assets. The Feds announced on November 26, 2008, that the affected Assets would be subject to the same “write down formula” as indicated in this Director for IndyMac, i.e. the “38% household income formula”. At of this update, Citigroup has no website indicating this new development, but to see the formula The Fed announced, go to the site for IndyMac, noted in this Directory. Under that Formula, in brief, mortgage payments can be lowered to 38% or less of a homeowner’s monthly income for qualified applicants. To reach the target payment, the lending rate may drop to as low as 3% and stay there for five years, with payment reamortized accordingly, among other remedies. Nothing in the plan prohibits other typis of workouts or even a giveback.

- G. **GMAC MORTGAGE:** This is one which appears to have a plan and stated options firmly in place. One of the better ones out there by way of clear articulation of what is available. The plan is very much like the one noted for Countrywide, above. (800) 799-9750. (www.gmacmortgage.com)
- H. **DOWNEY SAVINGS AND LOAN:** Was just taken over by regulators right before Thanksgiving, 2008. Unclear as of this writing what the regulators will be able to do, but it is likely that it will immulate the plan for IndyMac (see below for what it did for IndyMac). In the meantime, contact what is left of Downey at <https://www.downeysavings.com>. This lender also maintains a on-line list of REO properties to offer for. Though under supervision, it is not “closed for business.”
- I. **INDYMAC:** Closed by the regulators a while back in 2008 as the first big take-over
The lenders are usually far more motivated when they are under regulation, and so what they are doing with IndyMac is significant, as it suggest what to expect with the others. The IndyMac program is well-spelled out and actually sounds like a program that could give a lot of borrowers some real relief. The modification plan tries to “back down” the mortgage terms, amounts, interest-rates to equal not more than 38% of the borrower’s household income. Not bad for a borrower that has regular income. Not helpful for one who is just plan bust. There are more programs. Call 1-(800)-781-7399 or visit the DFIC website www.fdc.gov and www.imb.com. The IndyMac bailout is the fed’s first big one and how it works out will tell a lot, but it is certainly the most mature.

- J. **OTHERS:** If there is another lender more concerning to you, do not be afraid to Google for it.

II. **GOVERNMENTAL PROGRAMS**

A. **FEDERAL:**

1. **HOPE FOR HOMEOWNERS (H4H):** Begins Oct. 1, 2008 and will end Sept. 30, 2011.

This program provides a “last hope” for homeowners by bringing in the federal government who voluntarily allows borrowers to refinance under H4H. It reduces the size of the mortgage to a max of 90% of the home’s current appraised value. Additionally, they are only allowed to put people in 30-year fixed rate loans. FHA will insure up to \$300 billion of these new loans. If you take this deal, you have to split the initial equity created by the write down of the mortgage with FHA. The government also gets a 50% cut of any appreciated value for as long as you own the home, even after you pay off the mortgage. H4H participants are also barred from taking out second mortgages unless the money borrowed is used to maintain the property. Other costs include a 3% upfront mortgage insurance premium and a 1.5% annual premium based on the mortgage amount. Typically FHA-backed loans carry a half-percentage point annual premium. Can be used for refinance—not just a modification of existing finance. Call (888) 995-4673 or (800) 225-5342. (www.hopeforhomeownersprogram.org)

2. **STREAMLINED MODIFICATION PROGRAM: (Fannie Mae & Freddie Mac)**

Set to begin Dec. 15

Applies ONLY to mortgages owned or guaranteed by Fannie Mae and Freddie Mac. (more than 50% of residential loans) A borrower who is 90 days delinquent will be eligible for a new loan with a payment that does not exceed 38% of his gross monthly income. Proof that a “hardship” has been suffered is required to qualify. (loss of job, etc.) This program excludes borrowers that are current (not in default) on their mortgages. Those who apply need not be in bankruptcy, and must be residing in the single family home as a primary residence rather than an investment property. Call (888) 995-4673. (HOPE)

3. **FEDERAL BAILOUT MONEY:** For the most part the ERA and TARP monies have been dispensed to the “big 5” fortress lenders and is being spilled down to smaller ones on the basis of an application process that recently ended. Of the \$700 billion authorized for various bail-out programs, about \$350 billion will be spent in this way. The Secretary of the Treasury has indicated in late November, 2008, a reversal of his former statements, that the other \$350 billion WILL NOT be used to buy assets from “the bottom up” as was originally planned (RTC-style) but that they will leave that

“unrequested” under the bill. The FDIC has taken a contrary position and believes the “workouts” above ought to be funded instead by the government buying the assets from the lenders and having it conduct the workouts, which would likely then be far more liberal (better) for the borrower than the current Treasury plans.

4. **PRESIDENT ELECT BARAK OBAMA:** The incoming president has taken the position that he is going to change the directions taken by the Treasury. He has talked about “national foreclosure moratoriums” and about the kind of asset purchase program that the FDIC wants. It is likely he will replace the current Secretary of the Treasury who has fallen under heavy criticism for using bailout monies to bail out the big bank equities rather than the borrower on the bottom. The “trickle down” theory starting by giving the money to big bankers does not appear to be working. Obama has been outspoken for a “trickle up” by starting with the strapped borrowers.
5. **FHA/HUD CHANGES:** The current FHA/HUD loan maximum for Maricopa County, Arizona, is \$346,250. Effectively in 2009, it will DROP to \$271,050.00. Thereafter, it will go by zip code and can change radically from one community to another.

B. STATE AND LOCAL:

1. **STATE:** There are no large state programs in place for a stated workout protocol other than supervising those portfolios that are under a consent order, such as noted in Countrywide, above, where the AG is watching over the settlement to assure it goes according to the consent order. There are a number of informational programs. See “OTHER CONTACT POINTS,” below. A contact made with State Banking indicated that it knew of nothing more than the above programs. There is a program to pump \$121 million into Arizona (\$39.5 million in Maricopa County) to buy, repair and resell foreclosed or foreclosing homes. Each city will administer its own fund. If interested, call the Arizona foreclosure help line, (877) 448-1211. This fund is not all that is coming down the pike locally and must be working by 2009 under its terms.
2. **CITIES:** The cities have received some bailout funds to use as they see fit. Phoenix got a little \$40 million and is using it to buy foreclosed assets in “troubled neighborhoods” from the banks, rehab them and then sell them. This is an opportunity for real state licensees, remodelers, builders, home inspectors, buyers. This is short-term program and the City needs to spend every nickel of it within a few months. Contact Sandy Ady at (602) 495-5626 or call the foreclosure hot line at (877) 448-1211 for more. Most of the cities in Arizona have an allocation. Check with the given city for how much and how it plans to use it, as this varies.

III. OTHER CONTACT POINTS:

- **CITY OF PHOENIX FORECLOSURE INFORMATION:**
<http://www.phoenix.gov/nsd/fland.html> See also number above
- **US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:** Provides tips and steps to avoid foreclosure and to resolve mortgage difficulties. www.hud.gov (800) 225-5342
- **ARIZONA HOTLINE:** 24/7 Toll free help line to reach a local Arizona foreclosure Counselor. (877) 448-1211
- **ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS:** www.azdfi.gov (800) 544-0708 If you think you are a victim of a foreclosure rescue scam, you should fill out and sign a formal written complaint with DFI.
- **ARIZONA ATTORNEY GENERAL'S OFFICE:** (602) 542-5763 Consumer fraud, as defined by Arizona law, is any deception, false statement, false pretense, false promise or misrepresentation made by a seller or advertiser of merchandise. If you believe you have been the victim of consumer fraud, you may file a complaint with the Attorney general's Office.
- **ARIZONA FORECLOSURE HELP LINE:** (877) 448-1211
- **ARIZONA DEPARTMENT OF HOUSING:** www.housingaz.com (602) 771-1000
- **CITY OF PHOENIX FORECLOSURE INFORMATION:**
<http://www.phoenix.gov/nsd/fland.html>

HUD Certified Housing Counseling Agencies in Arizona:

Arizona ACORN www.acornhousing.org (602) 253-1111

Chicanos Por La Causa www.cplc.org (602)253-0838

Community Housing Resources of Arizona www.communityhousingresources.org
(602) 631-9780

Greater Phoenix Urban League www.gphxul.org (602) 254-5611

Labor Community Service Agency (602) 263-5741

Neighborhood Housing Services of Phoenix www.nhsphoenix.org (602)258-1659

- IV. OTHER INFORMATION/PRIVATE WORKOUT WEBSITES:** The following websites are not "recommended" but are intended to be informational, to show that there are a host of upcoming private industry operations being set up by private parties to try to offer workout services or alternative property marketing sites. **WARNING:** Workout activity for hire is a tricky area. It calls for a complete analysis of its legality and the licensure required to do it.

www.loanworkout.org

www.buyowner.com

www.fsbo.com For Sale by Owner

www.mcbreo.com/st_azmain.htm (list of foreclosed homes for sale in Arizona, updated every Friday.)

V. CREDIT COUNSELING

Legitimate Credit Counseling Firms are affiliated with the following organizations:

National Foundation for Credit Counseling www.nfcc.org

Association of Independent Consumer Credit Counseling Agencies (AICCCA) www.aiccca.org

VI. THE GENERAL WORK-OUT PACKAGE REQUIRED ALMOST UNIVERSALLY:

1. **Letter of Hardship** explaining what has changed since the time the customer acquired the account to the present.
2. **Current Pay Stubs** from all parties on the loan. (proof of income)
3. **2 bank statements.** (expenses)
4. **2 years tax records.**
5. **Financial form** (loan modification application) provided from the bank with specific account number.

Your lender is the best source to explain the programs offered. The following overview will give you an idea of what may be available to assist you.

VII. THE CURRENT OPTIONS GRANTED BY THE MITIGATION DEPARTMENTS GENERALLY INCLUDE:

A. HOMEOWNERSHIP RETENTION OPTIONS:

1. Loan Modification

This option changes the terms of your loan without refinancing and may include adding delinquent payments to the balance of your loan (repaid over the remaining term).

2. Repayment/Special Forbearance Plan

Your lender may agree to delay any foreclosure or other legal action if you promise to repay the delinquent amount over a specified period of time.

3. Partial Claim (FHA Customers Only)

You may be able to receive funds from HUD to bring your loan current. Once all of the required documents are gathered a request is submitted to HUD to advance the funds necessary to bring the loan current.

B. PROPERTY DISPOSITION OPTIONS:

1. Short Sale

You may be able to sell your property at its fair market value even if the sales proceeds are less than what is owed on your loan.

2. Deed-in-Lieu of Foreclosure

The property is deed to the lender/servicer/underwriter to avoid a statutory foreclosure. Please contact your tax advisor on how this will affect your credit rating. This option relays to the credit bureau that the financial situation was “mitigated” rather than foreclosed—the credit ramifications of which may be nil.

C. ADVERSARIAL LEGAL OPTIONS: None of the above “voluntary” programs cover the “adversarial legal options”. These are for example:

1. **Involuntary Deed-Back:** The borrower simply sends back a deed to the lender and does not wait for “approval.”
2. **Action on Loan Irregularities:** Many borrowers are in their present adverse positions because they were the victim of wrongful bank, real estate, appraisal practices, entitled them to legal claims. Can take or threaten this kind of action and negotiate something entirely different than what the lender “is willing” to volunteer do.
3. **Bankruptcy:** Bankruptcy can “cram down” values to “actual value” or discharge debt entirely, possibly even saving a homestead exemption. When “crammed down” the mortgage or trust deed is reduced to the value of the property and the balance becomes an unsecured debt. The debtor then pays on the “crammed down” balance.

VIII. SCAMS:

A. Tips to Avoid Foreclosure Scams

- Contact your mortgage servicer as soon as you have trouble making payments. You may be able to negotiate a payment schedule.
- Contact a HUD-approved housing counselor for assistance if you are receiving letters threatening foreclosure and are not yet in a lawsuit.
- Get detailed information about the deadlines you face in resolving your problems. Pay special attention to the date on which you would lose legal right to ownership of your home.
- Be wary of any claim to stop foreclosure for a fee. Do not make a down payment upfront, and always ask for written information before you make a financial decision.

- Never make your mortgage payments to anyone other than your mortgage servicer. If you can't pay, contact your servicer immediately to work out payment arrangements.
- Take your time and never sign a contract under pressure. Consult a lawyer or trusted family member before you sign.
- Get all promises in writing. Many scam artists make lofty verbal promises but never put them in writing. Always make sure oral agreements are included in a written contract; otherwise they are not guaranteed.
- Check companies' reputations before doing business, by researching their reputations with the Better Business Bureau and the Arizona Attorney General's Office to see if other consumers have filed complaints against them.
- Never sign away ownership of your home without consulting a lawyer. Be especially suspicious of offers to lease back your home, in order to buy it back over time, and beware of any home-sale contract in which you are not formally released from liability for your mortgage. Make sure you know the rights you are giving up and that you agree to give them up.
- Don't sign anything with blank lines or spaces, as information could be added later without your knowledge and consent.
- If you do not speak English, never use a "rescuer's" translator. Instead, insist on using your own translator.

B. Types of Foreclosure Rescue Scams

Equity skimming: A "buyer" approaches you, offering to get you out of financial trouble by promising to pay off your mortgage or give you a sum of money when the property is sold. The "buyer" may suggest that you move out quickly and deed the property to him or her. The "buyer" then collects rent for a time, does not make any mortgage payments, and allows the lender to foreclose. Remember, signing over your deed to someone else does not necessarily relieve you of your obligation on your loan.

Phantom help: The "rescuer" charges outrageous fees for simple phone calls or paperwork that you could easily do, none of which results in saving the home. This predatory scam gives you a false sense of hope and prevents you from seeking qualified help.

The bailout: In this scam, you are deceived into signing over title with the belief that you will be able to remain in the house as a renter and eventually buy it back over time. The terms of these scams are so burdensome that the buy-back becomes impossible, you lose possession, and the "rescuer" walks off with most or all of the equity.

The bait-and-switch: In this scam, you think you are signing documents to bring the mortgage current, but instead you are actually surrendering your ownership. You usually won't realize that you've been scammed until you're evicted.

Phony counseling agencies: Some groups that claim to be "counseling agencies" may approach you and offer to perform certain services for a fee. These could be services you could do for yourself for free, such as negotiating a new payment plan with your loan servicer, or pursuing a pre-foreclosure sale.

C. Types of Credit Repair Scams

Getting a new Social Security number: Individuals are only permitted to have one Social Security number. It is against the law to use a different Social Security number to create a false identity.

Getting a Federal Employer Identification Number (EIN or FEIN): Proponents of this scam claim that you can obtain a federal tax ID number, as if you are a business, then receive a clean credit record under that tax ID number. It is against the law to use an EIN to set up a false identity. Further, a new credit report under an EIN will not show any credit history. It is unlikely that a creditor would regard a new business with no credit history as a good credit risk.

Challenging every negative entry on a credit history: As a general rule, it is lawful for credit agencies to keep accurate records of negative entries on your credit history for up to seven years, and to keep records of any bankruptcies for up to 10 years. There are certain circumstances where truthful negative information may be reported beyond those time periods. As much as you do not like having negative information on your credit report, your ability to object to inaccurate information is not meant to be a license to harass honest creditors in an effort to remove accurate negative entries.

Be aware that the only ones who can permanently remove the debt from your record are the credit bureau or the creditor.

No one can erase negative information if it's accurate. Only incorrect information can be removed. Accurate information stays on your record for seven years from the time it's reported (10 years for bankruptcy). Even information about bills you fell behind on but now are paid will remain on your report for these time periods.

Credit repair services can't ask for payment until they've kept their promises. Federal law also requires credit repair services to give you an explanation of your legal rights, a detailed written contract, and three days to cancel. This applies to for-profit services - not to nonprofit organizations, financial institutions or the creditors.

Be cautious about e-mails for credit services. Many unsolicited e-mails are fraudulent and should be deleted.

IX. CREDIT REPORT RIGHTS:

- A. You can correct mistakes on your credit report yourself.** If you were recently denied credit because of information in your credit report, you have the right to request a free copy. It doesn't cost anything to question or dispute items in your report. Follow the instructions provided by the credit bureau. The major credit bureaus are:

Equifax, 800- 685-1111, www.equifax.com
Experian, 800-682-7654, www.experian.com

TransUnion, 800-916-8800, www.transunion.com

Contact all three, as the information on each may vary.

Sources: [Arizona Attorney General Office](#), [BankRate.com](#), [Federal Trade Commission](#), [Home Loan Learning Center](#), [Hope Now](#), [HUD](#), [HUD Foreclosure](#), [The National Consumer Law Center](#)