

REAL ESTATE Connection

IT'S ALL ABOUT HAVING THE RIGHT CONNECTIONS

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A Lawyer's Perspective

Avoid foreclosure

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We have all had experiences that stick with us over the years. Where we were and what we were doing when we heard that President Kennedy was shot, when the Challenger shuttle exploded and on that terrible morning of 9-11-01. Then there are those individual memory snapshots.

For me some of the most poignant were when my father took over properties that people were losing or that had already been lost through foreclosure. Dad would always do his best to work out a deal where the homeowners walked away with some money in their pocket. Sometimes though, people just up and left. Kid's toys, school work, clothes, family pictures were often left behind. These memories have stuck with me since I cleaned out our first FHA repo almost 50 years ago. Maybe that's why I have spent nearly 10 years of my professional career helping to create affordable housing, first with what is now known as the New Jersey Housing & Mortgage Finance Agency (NJHMFA), then as Housing Planner for Atlantic City and most recently at HUD's office for eastern Pennsylvania.

Sure, there are a lot of foreclosures because people made bad decisions to use financing instruments that they didn't bother trying to understand, or because they overreached way too far financially or maybe they were just as greedy as the stereotypical Wall Street tycoon. On the other side of the ledger are those folks like the people I saw while representing a client in a bankruptcy hearing.

Someone becomes sick, their medical insurance doesn't cover the bills, their illness causes them to lose their job or their business goes under because of the national economy. Then, they fall behind on their mortgage payments and the next thing you know, their property is in the Press legal advertisements. But for the grace of God, any one of us could be affected by any of these circumstances.

Our focus over the past several weeks has been on the market aspect of the housing crisis. We all have an obligation to help those who have been affected by the poor decisions of elected officials, regulators and the financial industry. So, let's take a look at some of the mechanisms that have been put in place to address that obligation.

Governor Corzine has announced a foreclosure mediation program to be run by the state court system. No details have been made public, yet. State courts have requested county bar associations to circulate a solicitation of interest among local attorneys. After appropriate training, volunteer attorneys will be given assignments in foreclosure mediation proceedings. As more information becomes available, I will share it with you. In the meantime, interested attorneys should contact the Administrative Office of the Courts Civil Court Mediation program at 609-292-8471 or by email at shoba.chopra@judiciary.state.nj.us

The state has established a website with information on foreclosure. Go to <http://www.state.nj.us/dobi/njhope/>. The lead organization for this effort is the New Jersey Homeownership Preservation Effort (NJ HOPE), "a voluntary public/private alliance of government agencies, not-for-profit organizations, and financial institutions committed to enhancing home ownership preservation."

One of the first steps to avoid foreclosure is to contact the servicer for your loan. Your loan servicer is the company to whom you send your mortgage payment. Most of the time, the servicer is not the company that holds the loan. Since the current mortgage mess has been made worse by the fact that the decision-maker on a workout may be half of the way around the world, don't wait until you are several months behind. Some loan servicers have specialists on their staffs or have contracted with outside nonprofit agencies.

The NJ HOPE website has links to websites for loans serviced by major institutions operating in the state. Borrowers with loans at other institutions can call the national number for HOPE at 1-888-995-HOPE.

If you are concerned about telling your loan servicer that you are having financial difficulties, then start with a HUD-approved housing counseling agency. There are a number of these agencies that service the Press readership and the NJ HOPE website has a link to the list of those agencies.

The federal government has recently established the Hope for Homeowners (H4H) program. This will help approximately 400,000 households refinance their existing mortgage through a cooperative program with loan servicers and lenders. The H4H program allows homeowners unable to make their current payments to refinance their existing mortgage into a 30-year fixed rate mortgage with affordable payments. The program requires lender determination of loan eligibility, mortgage insurance premiums and equity sharing with the federal government. Rather than list the lengthy string for this website, go to www.hud.gov, click on Guide to Avoiding Foreclosure. Then, click on Learn about FHA Secure.

Most of all, if you are concerned about a potential foreclosure, don't wait to get help and don't give up. Use the resources listed above and do your best to keep your family in their home.

Dennis Scardilli practices as an attorney-at-law in the Atlantic City area. The information in this article has been provided only for informational and educational purposes and is not intended to provide legal advice. For legal advice on this, or any other, topic contact a qualified attorney.