



Why Make the Call? What You Need to Know About Foreclosure Prevention Counseling and the Homeowner's HOPE™ Hotline

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There is widespread agreement among experts that millions of Americans lack basic essential information needed to build and maintain good credit, develop a budget, and be prepared for the full costs of sustainable homeownership. The problem is exacerbated by the recent financial crisis and economic instability, which has led to nearly four million homeowners facing foreclosure this year and 11 million more owing more on their mortgages than their homes are worth.

With millions of distressed homeowners throughout the U.S. facing financial challenges, receiving housing counseling can mean the difference between hopelessness and preserving their stake in homeownership. The Homeownership Preservation Foundation is working to help reduce the number of foreclosures by helping distressed homeowners find options to avoid foreclosure. Through our Homeowner's HOPE™ Hotline, 1-888-995-HOPE, foreclosure prevention counseling is available, completely free, 24 hours a day, 7 days a week, 365 days a year, in over 170 languages.

Here are the facts. A 2009 Urban Institute Study found that:

- Homeowners who participate in housing counseling services are 60 percent more likely to avoid foreclosure
- Housing counseling offers struggling homeowners the best chance of homeownership preservation.

This article will provide a greater understanding of how housing counseling with the Homeowner's HOPE™ Hotline can help struggling homeowners so they'll know why they should make the call and ask for counseling.

Homeowners Receive Help With Their Specific Problems

As a general rule, lenders only foreclose when all other remedies fail. Therefore, if homeowners find that they are unable to make mortgage payments, the best way for them to avoid foreclosure is to address the issue as soon as possible by calling the Homeowner's HOPE™ Hotline.

While some distressed homeowners choose to simply avoid collection calls and letters, such inaction won't help their situation. In most cases, simply contacting a creditor and letting them know that the homeowner has called for assistance and requested counseling, or is following a debt management plan will be a clear sign to the servicer that the homeowner is working to correct the situation.

Housing counselors recognize that distressed homeowners may not want to directly contact their servicer and they understand that the cause for each individual situation is different. Housing counselors are well trained to handle various scenarios and have resources on hand to help homeowners in all types of circumstances. Homeowners can expect to be given the attention that they deserve. Housing counselors regularly work with homeowners who are inquiring about loan modification programs, short sales or a deed in lieu, as well as those already in the process of foreclosure.

- Housing counselors offer valuable homeowner assistance by working with homeowners to create a personally designed budget and plan of action, called a Client Action Plan.
- Homeowners who are counseled are mailed a copy of their Client Action Plan so that they can refer to it whenever necessary.

Homeowners Receive Immediate Help

HPF counselors work with distressed homeowners to develop a level of trust. This relationship of trust is valuable because most often, 'at risk' borrowers have avoided communication with their lenders. Counselors can leverage the trust so they are able to fully assess the situation and educate homeowners about available options. Housing counselors will need to ask questions about the homeowners' overall financial situation, and will use the information that homeowners provide during the call to *help them avoid foreclosure and stabilize their entire financial situation.*

Homeowner's HOPE™ Hotline counselors are committed to helping homeowners achieve long-term financial health and a viable mortgage solution and are able to connect them directly with their servicer, if they choose. Once the counselor and the homeowner have talked with the servicer and explained the homeowner's situation, the servicer may be able to take action to help by determining if there are any retention options that would allow the homeowner to get current and stay current with his or her payments. While the counselors at the Hotline can't modify a loan or change an interest rate, they can help homeowners reach their servicer and, once connected, they may learn that the servicer can actually be flexible about repayment of late or missing payments.

Homeowners can expect any one of the following outcomes from a counseling session:

1. Through budgeting and a better understanding of their financial situation, the homeowner can become current on mortgage payments if the agreed upon Client Action Plan is followed;
2. Through any one of a range of modification programs or other mortgage workout alternatives, such as the MHA program or other alternative modifications, a homeowner will be guided through the process and may be able to find one that lowers their monthly payment; or
3. For the homeowners for whom home retention is not an option, housing counseling will guide and educate homeowners through a short sale or deed in lieu.

Guidance From Counselors Who Know the Way

Housing counselors are more than just the people on the other end of the phone. They must be certified before they can become counselors and also must continue to educate themselves after their initial certification. Our counselors have knowledge in many aspects of housing and finance, such as federal, state and local fair housing laws and regulations, foreclosure assistance programs, repayment plans and loan modification programs. Our network agencies are also HUD-approved, which means that they are familiar with the various U.S. Department of Housing and Urban Development housing and community programs and know what course of action makes the most sense for each homeowner. As a result, counselors have in-depth knowledge of what kind of housing each homeowner is eligible for, the rights and responsibilities of all parties involved in particular housing transactions, laws and the different types of contracts available.

Finally, homeowners receive on-going support throughout their situation. Our counselors will be there every step of the way in the months to come. Most importantly, the Homeowner's HOPE™ Hotline answers the phone. Our counselors practice the highest standards of customer service, answering 98 percent of calls within 30 seconds.

What If The Homeowner Doesn't Decide To Call?

Homeowners who are worried about their financial situation but haven't considered foreclosure counseling could be putting themselves in greater jeopardy. Homeowners have nothing to lose and everything to gain by calling the Hotline for counseling.

For additional resources, including informational videos about ways to avoid foreclosure and tip sheets for prioritizing a mortgage obligation, saving money, and avoiding foreclosure scams, visit <http://www.995hope.org/help-for-homeowners/>

Colleen Hernandez is Chief Executive Officer of the Homeownership Preservation Foundation (HPF), an independent national nonprofit dedicated to helping distressed homeowners navigate financial challenges and avoid mortgage foreclosure. For more information about HPF or the Homeowner's HOPE™ Hotline, please visit www.995hope.org

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