Washington Foreclosure Prevention Resource Guide

A Tool to Educate Homeowners about the Foreclosure Process

Financial Empowerment Network | Seattle-King County (formerly the Seattle-King County Asset Building Collaborative)

Foreclosure Prevention Action Team

December 2013
Dear Washington Homeowner,

The national foreclosure crisis may feel like it is in the past. However, for many Washington families trying to hold onto their home, it is very much a part of the present.

As Washington State Attorney General, I want to do everything I can to connect those families with help to stay in their homes.

That’s why I am pleased to support this Washington Foreclosure Prevention Resource Guide. It is designed to provide practical tools, information and resources to help homeowners dealing with foreclosure issues. This guide was created by the Seattle-King County Asset Building Collaborative Foreclosure Prevention Action Team to provide homeowners statewide with a resource for consistent and uniform information.

If you are having problems paying your mortgage (or believe that you may in the future), or if you are behind on your payments and facing foreclosure, this guide is for you.

This guide provides:

- A comprehensive overview of your options;
- Community resources;
- Information about the foreclosure process in Washington state;
- Information on how to obtain a reputable housing counselor; and
- Tips on how to avoid foreclosure rescue scams.

Most importantly, we hope this guide helps give you the confidence to seek assistance as soon as possible.

In the unfortunate event you are the victim of a foreclosure scam, please call my office at 1-800-551-4636, or file a complaint online or in writing by going to [http://www.atg.wa.gov/FileAComplaint.aspx](http://www.atg.wa.gov/FileAComplaint.aspx).

My hope is that by reading this guide you will not only avoid a scam, but also find help to stay in your home. The sooner you act the more options you have. I wish you the very best in this endeavor.

Sincerely,

BOB FERGUSON
Washington State Attorney General

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Dear Washington State Homeowners,

The Washington State Department of Financial Institutions understands how important it is for you to get accurate information and access to resources and assistance as you work to keep your home.

As a state regulatory agency, we know too well the number of fraudulent companies and individuals who prey on Washington homeowners, particularly those in desperate situations trying to avoid losing their homes.

We hope this resource guide will help provide the tools and assistance you need to help you take the necessary steps to keep your home or minimize the financial and emotional impact if you must, indeed, surrender your home. As you use this guide through the many steps needed to avoid foreclosure, we urge you make sure the people and organizations you work with are licensed professionals working to help you, not take advantage of you. Verify a license by visiting www.dfi.wa.gov, click on “Verify A License” and enter the applicable information. If there’s no licensing information available, call DFI immediately.

Washington State has many HUD-approved counseling agencies working to help homeowners understand the many local, county, state and federal programs available. Find a counselor near you at www.homeownership.wa.gov. These counselors also are working to help you avoid becoming a victim of fraud as you work through these difficult times.

If you feel you have been a victim of a discriminatory or fraudulent mortgage, loan modification or foreclosure relief practices – please contact the WA DFI immediately at 1-877-RING-DFI (764-4334) or www.dfi.wa.gov to file a complaint. Our investigative teams are here to put an end to the fraudulent practices victimizing Washington residents.

Additionally, members of the Washington Bar Association are volunteering their time and expertise to assist homeowners discriminated against or victimized by fraud as part of the Washington Homeowner Foreclosure Legal Aid Project. Call 1-877-894-HOME (4663) or visit www.mywsba.org and click on the Washington Homeowner Foreclosure Legal Aid Project link.

We sincerely hope the resources in this guide will help you avoid becoming a victim of fraud as you work to keep your home.

Sincerely,

Scott Jarvis, Director
Washington State Department of Financial Institutions

Regulating financial services to protect and educate the public and promote economic vitality
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Warning Signs of Foreclosure
(Adapted from Freddie Mac)

What Are the Warning Signs of Foreclosure?

Warning signs due to life changes:
Unrelated life changes can contribute to home foreclosures – especially changes affecting finances, such as:
- Loss of employment or reduction of hours
- Major illness or injury
- Divorce or separation
- Death of a spouse

It is difficult to think about foreclosure during times of crisis when you are focused on an unexpected problem or situation. The best way to protect yourself from foreclosure risks due to unexpected life changes is by developing a plan before problems arise.

If you have a “Plan B” in place, you won’t have to organize your finances while you are stressed about finding a job or dealing with a major illness. You will already have a plan – you just need to follow it.

Financial Warning Signs

There may not be a major life change to signal potential trouble – you simply may be having a difficult time properly managing your finances. Don’t be fooled into thinking your credit card problems won’t affect your mortgage. It is important to realize that financial difficulties in one area can, and often do, spill over into other areas. These difficulties may potentially result in financial problems that could lead to your home being foreclosed if you do not act quickly. Such difficulties include:
- Mortgage payment changes (changes in interest rate, property taxes, homeowner insurance, and/or other mortgage loan changes, etc.)
- Maxing out credit cards
- Using credit to pay for day-to-day expenses, such as groceries, utilities, etc.
- Being unable to pay your bills on time
- Paying only the minimum amount on credit cards
- Applying for new credit cards after maxing out existing ones
- Having to choose which bills and/or living expenses to pay first

Talk to a housing counselor immediately if you see these signs. You may be able to get your finances back on track before foreclosure becomes a reality.

Call the Washington Homeownership Center at 1-877-894-HOME (4663) to be connected with a HUD-approved housing counseling agency near you. This service is FREE!
IMPORTANT TERMINOLOGY

Throughout this workbook, you may see words that you have often heard but are unclear about their definitions. Below are a few definitions that are important to know as you go through this guide. A more detailed glossary is included in the Tools for the Homeowner section.

HUD-Approved Non-profit Housing Counseling Agency – The U.S. Department of Housing and Urban Development (HUD) sponsors housing counseling agencies to provide free or low cost advice on buying a home, renting, default, foreclosure avoidance, credit issues, and reverse mortgages. These organizations have extensive experience in counseling low and moderate-income families.

HUD-Approved Non-profit Housing Counseling Agency Counselor – HUD approves housing counseling agencies rather than individual counselors. Housing counselors are required to have at least six months of experience. HUD encourages the agencies to have their counselors obtain education and additional skills for their housing counseling programs.

Lender – The entity that gave you the mortgage loan. Your lender may be different than the entity to which you send your mortgage payments.

Servicer – The entity to which you send your monthly payments. The lender has contracted with the servicer to handle your loan after closing. The servicer is your contact for any issues you have with your mortgage loan. Sometimes referred to as loan servicer or mortgage servicer.

Servicing - The administration of the loan by the servicer from the time you obtain your mortgage loan until it is paid off. Administration of a loan includes the collection and application of payments, the payment of insurance and real estate taxes, and the maintenance of payment records and balances. Servicing also includes working with the borrower to resolve delinquencies.

Investor – The entity that owns the loan. Lenders often sell mortgage loans to other entities after closing. Consequently, the investor is often different than the servicer or the lender. The servicer must follow the investor’s guidelines for servicing the loan.

Delinquency – Borrower’s failure to make mortgage payments on time.

Default – Borrower’s failure to make the loan payments as agreed in the promissory note or the workout plan.

Foreclosure - The legal process by which an owner’s right to a property is terminated when a lender or lienholder takes possession of the property, usually because of the owner’s default. Foreclosure can also occur if a homeowner fails to pay property taxes. At a foreclosure auction, the mortgage lender, through a company called a trustee, sells the property that secures a loan on which a borrower has defaulted. Ownership of the property is then transferred to the financial institution or purchaser of the property at the foreclosure auction. The institution then markets and lists the property for sale to recover the balance owed to it.

Borrower ‘Workout’ – Process where a servicer and a borrower develop a mutually acceptable agreement to resolve a loan default and avoid foreclosure.

Auction – An auction is a public sale in which the foreclosed property is sold to the highest bidder in order for the lender to recover some or all of the outstanding debt.
Topic 1: Understanding Mortgage Delinquency

- Are You Falling Behind on your Mortgage Payments?
- Delinquency Cycle of a Mortgage Loan
- Role of the HUD-Approved Housing Counseling Agency
- Release of Authorization Letter
- Finding a Housing Counselor

**ARE YOU FALLING BEHIND ON YOUR MORTGAGE PAYMENTS?**

Today’s economic environment is very stressful. Many Washington residents are dealing with multiple personal challenges, including:

- Loss of employment
- Changes in mortgage payment
- Unpaid bills
- Caring for an elderly parent
- Reduction in income
- Divorce
- Sudden disability
- Other life-changing events

These events can affect a borrower’s ability to make mortgage payments on time. When this happens, foreclosure may result.

If you are facing mortgage challenges and are at risk of default, it is important to:

- **Understand** the delinquency cycle of a mortgage and when foreclosure can occur
- **Contact** your servicer as soon as possible to discuss your situation
- **Contact** the Washington Homeownership Center at 1-877-894-HOME (4663)
- **Seek** the advice of a HUD-approved housing counseling agency (see Finding a Housing Counselor on page 16 for contact information.)

The sooner you begin working with your servicer and/or a housing counselor, the more likely the servicer will be able to find a way to keep you in your home.

**Do not wait until you have missed a payment!**
**DELINEQUENCY CYCLE OF A MORTGAGE LOAN**

In Washington, virtually all home loans made by banks are secured by deeds of trust. Although a mortgage differs from a deed of trust, deeds of trust are commonly referred to as mortgages. An important difference in Washington between deeds of trust and mortgages is that deeds of trust can be foreclosed without the bank having to start a lawsuit and take the homeowner to court. In other words, deeds of trust can be foreclosed nonjudicially. The nonjudicial foreclosure process takes at least 190 days after the date of the borrower’s first default until the day of the foreclosure. Washington has several opt-in provisions that are designed to help homeowners fighting foreclosure. If a homeowner chooses to opt-in to these programs, the foreclosure process is elongated beyond the 190 day minimum. A general foreclosure timeline appears below.

**DEED OF TRUST FORECLOSURE TIMELINE**
*(RCW 61.24)*

1. **Deed of Trust must be executed and acknowledged.** Deeds of Trust are subject to all laws relating to mortgages on real property. *[RCW 61.12.010 and .020, 61.24.020, 64.04.010 and .020]*

2. **Default.** The borrower is in default the first day after the payment was due. The foreclosure of a deed of trust cannot occur less than 190 days after the date of default. See Subsection (8) of the form for the Notice of Foreclosure as set forth in *[RCW 61.24.040(2)]*.

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(3) Notice of Preforeclosure Options. If a payment is missed, a bank may send a number of letters. The first notice that they are required to send by law is a notice that informs you of your right to “meet and confer,” which means that you can request an in-person meeting with your lender. Rcw 61.24.031
   • If you do not request a meeting with the bank, the bank must wait 30 days before it can continue on to the next step and send you a notice of default.
   • If you do request a meeting with the bank, then the bank must wait 90 days before it can send you a notice of default.

(4) Notice of Default. A Notice of Default must be given at least 30 days before the Notice of Trustee’s Sale can be recorded or served. Rcw 61.24.030(7).

(5) Mediation. Any time after the homeowner has received the Notice of Default, no later than 20 days after the Notice of Trustee’s Sale has been recorded, the homeowner can have a housing counselor or attorney request mediation. Mediation provides a neutral setting where both the homeowner and the bank are obligated to act in good faith, exchange paperwork, and discuss alternatives to foreclosure. A homeowner cannot independently request mediation and MUST be referred to mediation by an attorney or a housing counselor. Rcw 61.24 For more information, see the Mediation section below at p 34.
   • If mediation is not requested, the bank must wait 30 days from sending the notice of default before it can publish the notice of trustee sale.
   • If mediation is requested, the bank may not publish the notice of trustee sale until after mediation has taken place.

(6) Recording of Notice of Trustee’s Sale. At least 120 days before the foreclosure sale, the trustee (not the beneficiary) must record, mail, and serve or post the Notice of Trustee’s Sale. Rcw 61.24.040(1). (This is the first notice related to the foreclosure that is a public record.) The trustee must provide the borrower and the grantor with a Notice of Sale. The grantor must also be provided a Notice of Foreclosure. Rcw 61.24.040. The trustee doing the foreclosure is often a successor trustee. Accordingly, before the Notice of Trustee’s Sale is recorded, a Resignation and Appointment of Successor Trustee should be recorded.

(7) First Publication. The Notice of Trustee’s Sale must be published twice. The first publication must be on or between the 35th and 28th day before the date of sale. Rcw 61.24.040(3).

(8) Opportunity to Cure Default. On any day prior to the 11th day before the sale, the borrower may cure the defaults and cause a discontinuance of the sale. Rcw 61.24.090(1). (Within 11 days before the sale date, the beneficiary has the right to demand payment in full.)

(9) Second Publication. The second publication of the Notice of Trustee’s Sale must be published on or between the 14th and 7th day before the date of sale. Rcw 61.24.040(3).

(10) Deadline for Motion to Restrain Sale. Rcw 61.24.130(2) provides that no court may grant a restraining order or injunction of the sale unless the person seeking the restraint gives 5 days’ notice. Rcw 61.24.130(2). Also, if the property owner files a bankruptcy petition at any time prior to the sale, the sale is automatically stayed pursuant to 11 U.S.C. § 362.

(11) Foreclosure Sale. The sale must occur on a Friday. If Friday is a legal holiday, it may occur on the following Monday. Rcw 61.24.040(5).

(12) Repossession of the Property from Former Owner. The purchaser at the Trustee’s Sale is entitled to take possession of the property on the 20th day after the sale. Rcw 61.24.060.
(13) **Repossession of Property from Tenant.** For a renter whose home is sold at a foreclosure sale after May 20, 2009, a new federal law, The Protecting Tenants at Foreclosure Act of 2009, requires the new owner to notify the tenant at least 90 days before eviction. Additionally, the law requires the foreclosing party (the bank or trustee that is foreclosing on the home) to send a written notice to the tenant before the home is sold at foreclosure. This written notice warns the tenant that the home might be sold 90 days or more after the date of the notice. It must also tell the tenant that the new owner who buys the home at foreclosure is required to provide the tenant with at least 60 days’ notice before evicting the tenant. These are two distinct notice periods: the 90 day foreclosure notice tells the tenant when the home may be sold at foreclosure while the 60 day eviction notice period may not begin until after the home is sold. After a tenant receives notification of his or her right to a 60-day notice to vacate under the law, new owners are still required to provide the tenant with a 90-day notice prior to eviction, because of the federal law. *For more information, see the Tenants’ Rights section (p. 65).*

(14) **Continuance of Sale.** At any time prior to the foreclosure sale, the sale can be continued by the trustee for up to 120 days. *RCW 61.24.040(6).*

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**What Happens If . . . .**

**What happens if I do not make my payment on the due date of the loan?**

The loan servicer expects to receive your payment by the due date. If the servicer has not received your payment by that date, it is delinquent. Most loans have a **Grace Period**, which is the length of time between the due date and the date when late fees begin to accrue. The promissory note contains the due date.

**What happens after that?**

The **Collections Department** may start contacting you between the 16th and the 30th of the month if the payment is still due.

**What is the Collections Department?**

The Collections Department is a division of the loan servicer that is responsible for obtaining and applying payments due on mortgage loans. The Collections Department will contact you to collect past due payments.

If the Collections Department has not been able to collect payments or make an acceptable arrangement with you, your account may be referred to the Loss Mitigation Department, also sometimes called the Home Preservation or the Work-Out Department.

CALL YOUR MORTGAGE LENDER/SERVICER IF YOU KNOW YOU’LL BE LATE AND ALWAYS RETURN THEIR CALLS!

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**What is Loss Mitigation?**

- This is a division of the loan servicer that will work with you to establish an acceptable plan to get you back on track with your mortgage payments.
- You will begin to receive letters from your lender/servicer requesting that you call. **ALWAYS OPEN ANY LETTERS FROM YOUR LENDER/SERVICER. ALWAYS ANSWER and RETURN THEIR CALLS!** This is the period where you may have other options available to you.
- The servicer/lender will make several attempts to contact you.

**What happens after I am 60 days late?**

On the 61st day, the loan payment is two months past due, and if the collections department has not been able to collect or make acceptable payment arrangements with you, your account will be turned over to the loss mitigation department.

**NOTE:** Servicers/lenders may send someone to physically inspect the property to verify that the borrower has not abandoned the property (sometimes between 45-60 days). This is a normal process. Do not be alarmed.

**What happens after I am 90 days late?**

In Washington, on the 91st day, a third party trustee takes over your delinquent account. The trustee will send a “Notice of Trustee’s Sale” stating that the property will be sold 90 days from the date the notice was filed and recorded. A notice will be published in a local newspaper once a week for 4 weeks.

**What happens after the Notice of Trustee’s Sale is filed and recorded?**

- The servicer/lender will not send any more letters. It is now completely up to you to contact your servicer or lender directly or through a housing counseling agency as soon as possible.
- Unless you act quickly, your house will be sold at auction on the date in the notice.

**NOTE:** The details of the process may vary depending on your mortgage servicer.

The trustee sends a “Notice of Trustee’s Sale,” setting a sale date no sooner than 121 days after the notice is recorded. The trustee must send a copy of this notice by certified mail within 5 days after recording. No further notice is required. However, in addition to mailing the Notice of Trustee’s Sale, the trustee must post the Notice of Trustee’s Sale on the home and post it at the Superior Court at least 20 days prior to sale (this could be right after the Notice of Trustee’s Sale is filed). The trustee must also publish the Notice of Trustee’s Sale in a newspaper for 4 consecutive weeks with the last date of publication not less than 10 days prior to sale.

**Do I still owe my mortgage if my house is sold at auction?**

After a nonjudicial deed of trust foreclosure, the foreclosing bank cannot go after the former homeowner for a deficiency judgment. In other words, even if the house sells at foreclosure for less than the bank is owed, the December 2013 | Page 12
balance of the debt is forgiven. However, if there are two deeds of trust on a house, and the first deed of trust is foreclosed, the borrower’s liability on the loan secured by the second deed of trust is not extinguished.

If you receive a Notice of Default/Auction Letter, contact your servicer immediately to determine whether you qualify for solutions to prevent foreclosure. Additionally, HUD-approved housing counseling agencies can assist you with free foreclosure prevention counseling. Call the Washington Homeownership Center at 1-877-894-HOME (4663) to be connected with a HUD-approved housing counseling agency near you. This service is FREE. See pages 16-17 below.

BEWARE OF COMPANIES THAT CHARGE FEES TO HELP YOU PREVENT FORECLOSURE. SEVERAL OF THESE COMPANIES’ PRACTICES ARE UNDER INVESTIGATION AS SCAMS. HUD-approved counseling agencies offer FREE services.
ROLE OF THE HOUSING COUNSELOR

If you are facing mortgage delinquency, a HUD-approved housing counseling agency counselor can work with you to find the solution that best fits your situation. He or she will require very specific information from you as the homeowner. The more information you provide the housing counselor, the better he or she can assess your situation, needs, and expectations.

The counselor will help you assess your financial situation, lay out your options, and help you negotiate with your servicer. The counselor is familiar with the various workout arrangements that lenders/servicers will consider and will know what course of action makes the most sense for you and your family. In addition, the counselor can call the servicer with you or on your behalf to discuss a workout plan.

You can protect yourself from future credit problems by meeting with a housing counseling agency before your mortgage payments fall too far behind!

The Housing Counselor will help you establish a monthly budget plan to ensure you can meet all of your monthly expenses, including your mortgage payments. Your personal financial plan will show how much money you have available to make the mortgage payments. This analysis will help you and the servicer determine whether a reduced or delayed payment schedule will benefit you. In addition, a counselor will have information on services, resources, and programs available in your local area that may provide you with additional financial or legal assistance.

The services of a HUD-approved housing counseling agency are provided at no cost to the homeowner. Do not pay any upfront fees, and if the counselor asks for payment, contact the Washington Homeownership Information Hotline at 1-877-894-HOME to see if he or she is a reputable counselor. (See the Beware of Scams section in this workbook for additional information).

The housing counselor will need to speak with your servicer to obtain information about your loan such as loan balances, any arrearages, and current payment amounts. Your servicer must receive written permission from you before speaking with the housing counselor about your loan. You will be asked to sign an Authorization to Release Information form. Without this authorization, the mortgage company or servicer will not share any information with the housing counseling organization.

Call the Washington Homeownership Center at 1-877-894-HOME (4663) to be connected with a HUD-approved housing counseling agency near you. This service is FREE! See page 16 below for a list of Housing Counseling Agencies.
RELEASE OF AUTHORIZATION LETTER
- Sample -

This letter advises your mortgage lender/servicer that a HUD-approved housing counseling agency will be representing you. The agency’s counselor will provide their version of this form. This sample is included for information purposes only.

Date

Servicer Name
Servicer Street Address
Servicer City, State, Zip

Re: Loan Number

Dear Loss Mitigation Manager:

We the undersigned, hereby authorize ______________ (HUD-Approved Non-profit Housing Counseling Agency) to act on our behalf in all manners relating to our mortgage loan in the original amount of $______________ for the property located at ______________________________________ (include the complete street address, city, state and zip code), including the signing of all documents relating to this matter.

Any and all acts carried out by __________ (HUD-Approved Non-profit Housing Counseling Agency) on our behalf shall have the same effect as acts of our own.

This authorization is valid until further written notice.

Sincerely,

Borrower name(s)
Borrower phone number(s)

Sign only after you have verified that the housing counselor is legitimate.
The organizations listed below can provide you with individual counseling on foreclosure prevention. For the most current list of housing counselors, go to [http://www.wshfc.org/buyers/counseling.htm](http://www.wshfc.org/buyers/counseling.htm) or call the Homeownership Hotline at 877-894-4663 (toll-free) or (206) 542-1243 in Seattle.

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<th>Contact Information</th>
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<tr>
<td>AMERICAN FINANCIAL SOLUTIONS</td>
<td>Phone: 888-864-8699</td>
<td>2815 2nd Avenue, Suite 280</td>
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<td></td>
<td>Toll-free: 888-864-8699</td>
<td>Seattle, WA 98121</td>
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<td></td>
<td>Fax: 888-282-5495</td>
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<td></td>
<td>Website: <a href="http://www.myfinancialgoals.org">www.myfinancialgoals.org</a></td>
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<tr>
<td>Apprisen</td>
<td>Toll-free: 1-800-355-2227</td>
<td>16315 NE 87th St</td>
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<td></td>
<td>Fax: 425-451-7921</td>
<td>Suite B11, WA 98052</td>
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<td>Website: <a href="http://www.apprisen.com">www.apprisen.com</a></td>
<td>Redmond, WA 98052</td>
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<td>Apprisen</td>
<td>Toll-free: 1-800-355-2227</td>
<td>2938 Limited Lane NW Suite A-3</td>
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<td>Website: <a href="http://www.apprisen.com">www.apprisen.com</a></td>
<td></td>
</tr>
<tr>
<td>Apprisen</td>
<td>Toll-free: 1-800-355-2227</td>
<td>3560 Bridgeport Way W</td>
</tr>
<tr>
<td></td>
<td>Fax: 253-566-4307</td>
<td>Suite 1-D, WA 98466</td>
</tr>
<tr>
<td></td>
<td>Website: <a href="http://www.apprisen.com">www.apprisen.com</a></td>
<td>University Place, WA 98466</td>
</tr>
<tr>
<td>Apprisen</td>
<td>Toll-free: 1-800-355-2227</td>
<td>1115 West Lincoln</td>
</tr>
<tr>
<td></td>
<td>Fax: 509-248-5276</td>
<td>Suite 119, WA 98902</td>
</tr>
<tr>
<td></td>
<td>Website: <a href="http://www.apprisen.com">www.apprisen.com</a></td>
<td>Yakima, WA 98902</td>
</tr>
<tr>
<td>CATHOLIC CHARITIES HOUSING SERVICES</td>
<td>Phone: 509-853-2800</td>
<td>5301 Tieton Dr.</td>
</tr>
<tr>
<td></td>
<td>Fax: 509-853-1302</td>
<td>Yakima, WA 98908</td>
</tr>
<tr>
<td>CCCS OF YAKIMA VALLEY</td>
<td>Phone: 509-248-5270</td>
<td>1115 West Lincoln Avenue Ste #</td>
</tr>
<tr>
<td></td>
<td>Toll-free: 800-273-6897</td>
<td>119, Yakima, WA 98902</td>
</tr>
<tr>
<td></td>
<td>Website: <a href="http://www.apprisen.com">www.apprisen.com</a></td>
<td></td>
</tr>
<tr>
<td>CLEARPOINT FINANCIAL SOLUTIONS</td>
<td>Phone: 1-800-634-CCCS (toll-free) or 800-634-2227</td>
<td>10116 36th Ave Ct, SW, #106</td>
</tr>
<tr>
<td></td>
<td>or 800-634-2227</td>
<td>Lakewood, WA 98499</td>
</tr>
<tr>
<td></td>
<td>Website: <a href="http://www.clearpointcreditcounselingsolutions.org">www.clearpointcreditcounselingsolutions.org</a></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fax: 855-282-8031</td>
<td>9725 3rd Ave NE, Suite 400</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Seattle, WA 98115</td>
</tr>
<tr>
<td>Agency Name</td>
<td>Contact Information</td>
<td>Address</td>
</tr>
<tr>
<td>------------------------------------------------------</td>
<td>------------------------------</td>
<td>----------------------------------------------</td>
</tr>
<tr>
<td>CONSUMER CREDIT COUNSELING SERVICES OF THE TRI CITIES</td>
<td>Phone: 509-737-1973</td>
<td>401 N. Morain St. Kennewick, WA 99336-2667</td>
</tr>
<tr>
<td></td>
<td>Toll-free: 800-201-2181</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fax: 509-737-9722</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Website: <a href="http://www.apprisen.com/">www.apprisen.com</a></td>
<td></td>
</tr>
<tr>
<td>EL CENTRO DE LA RAZA</td>
<td>Phone: 206-957-4610</td>
<td>2524 16th Avenue South Seattle, WA 98144</td>
</tr>
<tr>
<td></td>
<td>Website: <a href="http://www.elcentrodelaraza.org/">www.elcentrodelaraza.org</a></td>
<td></td>
</tr>
<tr>
<td>HOMESIGHT</td>
<td>Phone: 206-723-4355</td>
<td>5117 Rainier Avenue South Seattle, WA 98118</td>
</tr>
<tr>
<td></td>
<td>Toll-free: 888-749-4663</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Website: <a href="http://www.homesightwa.org/">http://www.homesightwa.org</a></td>
<td></td>
</tr>
<tr>
<td>NEIGHBORWORKS OF GRAYS HARBOR COUNTY (ABERDEEN NHS)</td>
<td>Phone: 360-533-7828</td>
<td>710 East Market Street Aberdeen, WA 98520-3430</td>
</tr>
<tr>
<td></td>
<td>Toll-free: 866-533-7828</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fax: 360-533-7851</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Website: <a href="http://www.aberdeen-nhs.com/">www.aberdeen-nhs.com</a></td>
<td></td>
</tr>
<tr>
<td>PARKVIEW SERVICES</td>
<td>Phone: 206-542-6644</td>
<td>17544 Midvale Avenue North Suite LL (Lower Level) Shoreline, WA 98133-4921</td>
</tr>
<tr>
<td></td>
<td>Fax: 206-745-1011</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Website: <a href="http://www.parkviewservices.org">www.parkviewservices.org</a></td>
<td></td>
</tr>
<tr>
<td>RURAL RESOURCES COMMUNITY ACTION</td>
<td>Phone: 509-684-8421</td>
<td>956 South Main Colville, WA 99114</td>
</tr>
<tr>
<td></td>
<td>Fax: 509-684-4740</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Website: <a href="http://www.ruralresources.org">www.ruralresources.org</a></td>
<td></td>
</tr>
<tr>
<td>SPOKANE NEIGHBORHOOD ACTION PROGRAMS (SNAP)</td>
<td>Phone: 509-456-7111</td>
<td>3102 W. Fort George Wright Spokane, WA 99224</td>
</tr>
<tr>
<td></td>
<td>Fax: 509-534-5874</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Website: <a href="http://www.snapwa.org">www.snapwa.org</a></td>
<td></td>
</tr>
<tr>
<td>SOLID GROUND WASHINGTON</td>
<td>Phone: 206-694-6766</td>
<td>1501 North 45th Street Seattle, WA 98103</td>
</tr>
<tr>
<td></td>
<td>Toll-free: 866-297-4300</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Website: <a href="http://www.solid-ground.org">www.solid-ground.org</a></td>
<td></td>
</tr>
<tr>
<td>SOUTH SOUND OUTREACH SERVICES</td>
<td>Phone: 253-593-2111</td>
<td>1106 Martin Luther King Jr. Way Tacoma, WA 98405</td>
</tr>
<tr>
<td></td>
<td>Toll-free: 877-751-3053</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Website: <a href="http://www.southsoundoutreach.org">www.southsoundoutreach.org</a></td>
<td></td>
</tr>
<tr>
<td>URBAN LEAGUE OF METROPOLITAN SEATTLE</td>
<td>Phone: 800-368-1455</td>
<td>105 - 14th Avenue Seattle, WA 98122</td>
</tr>
<tr>
<td></td>
<td>Website: <a href="http://www.urbanleague.org">www.urbanleague.org</a></td>
<td>(Services available statewide)</td>
</tr>
<tr>
<td>WASHINGTON HOMEOWNERSHIP RESOURCE CENTER (WHRC)</td>
<td>Phone: 206-542-1243</td>
<td>17544 Midvale Avenue North Suite LL (Lower Level) Shoreline, WA 98133-4921</td>
</tr>
<tr>
<td></td>
<td>Toll-free: 877-894-4663</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fax: 206-745-1010</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Website: <a href="http://www.homeownership-wa.org">www.homeownership-wa.org</a></td>
<td></td>
</tr>
</tbody>
</table>
Prefering for your Conversation with the Servicer or HUD-Approved Non-profit Agency Housing Counselor

- Think about Your Situation
- How to Write A Hardship Letter
- What is Your Income
- Where is Your Money Going?
- Creating a Financial Crisis Budget
- What are Your Assets?
- Can You Afford to Keep Your Home?

THINK ABOUT YOUR SITUATION

When you talk to your loan servicer or a housing counselor, be prepared to tell them about your situation. Use this worksheet to summarize your circumstances. Try to be as accurate and detailed as you can.

Have you missed any payments?
If so, how many payments have you missed?
Why have you missed payments?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

How have you tried to fix your financial situation?
Do you expect your situation to change soon?
Do you have any other resources to help you?

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

Once you complete this exercise, you will be ready to write a Hardship Letter. Servicers will typically require that you submit a Hardship Letter when requesting assistance.
HOW TO WRITE A HARDSHIP LETTER

A financial hardship results from an involuntary reduction in income or an unavoidable increase in expenses.

Common Involuntary Reductions of Income:
- Mandatory reduced hours or hourly wage
- Underemployment after loss of previous job
- Death of a borrower
- Decline in business earnings if self employed
- Permanent or short term disability
- Serious illness of a household member
- Divorce
- Unemployment

Common Unavoidable Increases in Expenses:
- Major medical expenses
- Disaster
- Urgent property repairs
- Increase in child care expenses
- Mortgage loan and payment changes

A hardship letter is a brief and to-the-point overview of the homeowner’s situation. It is ideally only four paragraphs and no more than two pages.

The letter must include:
- Homeowner name(s), address(s), and phone number(s)
- Loan number(s)

The first paragraph should include:
- Details about the loan or property, such as number of months delinquent, property value, or equity

The second paragraph should include:
- A matter-of-fact description of the reason for the default—avoid blaming others for what occurred

The third paragraph should provide an overview of the homeowner’s financial situation, such as:
- Actions the homeowner has taken to reduce expenses and increase income
- Financial counseling or other steps the homeowner has taken to resolve the situation
- The amount of money the homeowner has saved to pay towards the delinquency

The fourth paragraph should briefly outline the desire to prevent foreclosure, including:
- Reasons why the homeowner believes he or she will succeed in coming current on the mortgage payments
- A demonstration of the homeowner’s commitment to keeping the home

The last paragraph should indicate the preferred times and methods for contacting the homeowner (and his or her housing counseling agency, if applicable).

Documents to attach:
- Financial statement
- Income and expense verifications
- Documents that support or verify the hardship
- Verification for anticipated changes in income or expenses
- Any other documents requested by the servicer or counselor

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Hardship Letter
- Sample -

Date
Lender’s Name
Lender’s Address

Re: Your Loan Number

Dear Loss Mitigation Manager:

My name is/Our names are _______ and I’ve/we’ve been paying the mortgage on our home at [Address] for ___ years now. I’m/We’re writing to you to explain why I/we have unfortunately fallen behind on our monthly payments and are in need of your help.

(Explain your hardship. Include dates and specific incidents that caused you to fall behind and if the hardship has been overcome and if so, explain how.)

Example: “My income has been reduced (or lost) due to unemployment/ underemployment/ reduced job hours/ reduced pay/ or a decline in self-employed business earnings.” Or, “my household financial circumstances have changed: there has been a death in the family/ serious or chronic illness/ permanent or short-term disability/ increases in family responsibility.” (provide details)

Example: “My/Our expenses have increased. I/We have sat down to go over my/our financial situation. Sample explanations include: “Monthly mortgage payment has increased or will increase, high medical and health-care costs, unexpectedly high utility bills, increase in property taxes, or my cash reserves are insufficient to maintain the payment on my mortgage loan and cover basic living expenses at the same time.” (provide details)

I/We have decided to make the following sacrifices in order to ensure that we can pay our mortgage on time. I have met with a housing counselor and have saved $3,000 to apply toward late payments. (Also explain what steps you have taken to correct your financial position, such as cutting back on spending, cancelling services or activities, and meeting with credit counseling services.)

My family and I are truly grateful for the opportunity that you’ve given us to own our home and have every intention of keeping it for a long time and making our mortgage payments when they are due.

Thank you again for your time. We truly hope that you will consider working with us. We are anxious to get this settled so that we can move on.

Sincerely,
(Ask everyone in your family to sign the letter.)
Address, City, State, Zip Code

Include your phone number and any alternate phone numbers

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Now try writing your own hardship letter. Jot down the main points you want to cover....
**WHAT IS YOUR INCOME?**

- Your lender/servicer and housing counselor will need to know **all** your current household income. Before you speak with them, complete the following worksheet. Although this worksheet asks for net income amounts (take-home pay) for budgeting purposes, be sure to have gross income amounts available for the lender or counselor as well.
- It is important that these amounts be accurate and exact.

**MONTHLY HOUSEHOLD INCOME:**

<table>
<thead>
<tr>
<th>Sources of Income</th>
<th>Exp. Date (if applicable)</th>
<th>Homeowner A</th>
<th>Homeowner B</th>
<th>TOTAL A &amp; B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use Net Income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Take Home Amount)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary Job</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Second Job</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Security/ SSI/SSDI</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child or Spousal Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unemployment Compensation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workers Disability Compensation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Veterans Benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retirement Benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monies from Boarders or Roommates</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Child care assistance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing assistance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rental income from other homes owned</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Total for Homeowner                    | $                         | $           |             |
| Total Household Income (A + B)         |                           |             | $           |

Include income for **all** those living in the home. If the amount changes from month to month, look at your year-to-date amount and determine an average.

**NOTE:** Make sure you let your servicer know if you expect a change in income in the near future.
**Budget Worksheet: Where is Your Money Going?**

Your loan servicer and/or housing counselor will need to know all of your expenses. Before you speak with them, complete the following worksheet. Make sure to include every expense in your household.

<table>
<thead>
<tr>
<th>Monthly Expenses</th>
<th>COLUMN 1</th>
<th>COLUMN 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shelter*</td>
<td>Contributions &amp; Gifts</td>
<td></td>
</tr>
<tr>
<td>Mortgage Payment</td>
<td>$</td>
<td>Church Donations $</td>
</tr>
<tr>
<td>Homeowner Association Dues</td>
<td></td>
<td>Miscellaneous Donations</td>
</tr>
<tr>
<td>Home Maintenance</td>
<td></td>
<td>Gifts</td>
</tr>
<tr>
<td>Taxes &amp; Insurance (if not included in mortgage payment)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food</td>
<td>Recreation</td>
<td></td>
</tr>
<tr>
<td>Groceries</td>
<td>$</td>
<td>Club Dues/Gym Membership $</td>
</tr>
<tr>
<td>Cleaning Supplies/Paper Products</td>
<td>Newspapers/Magazines/Books</td>
<td></td>
</tr>
<tr>
<td>Food Away From Home-Meals Out</td>
<td>CDs/Music</td>
<td></td>
</tr>
<tr>
<td>Tobacco/Alcohol</td>
<td>Movies</td>
<td></td>
</tr>
<tr>
<td>Home Maintenance</td>
<td></td>
<td>Hobbies</td>
</tr>
<tr>
<td>Utilities (Use monthly amounts)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gas/Electric</td>
<td>$</td>
<td>Vacations</td>
</tr>
<tr>
<td>Phone</td>
<td></td>
<td>Entertainment</td>
</tr>
<tr>
<td>Cell/Mobile Phone</td>
<td></td>
<td>Lottery Tickets</td>
</tr>
<tr>
<td>Water/Garbage/Sewer</td>
<td></td>
<td>Gambling</td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td>Other Expenses</td>
</tr>
<tr>
<td>Life/Disability</td>
<td>$</td>
<td>Allowances for Children $</td>
</tr>
<tr>
<td>Auto</td>
<td></td>
<td>Day Care/Child Care</td>
</tr>
<tr>
<td>Health</td>
<td>Babysitting</td>
<td></td>
</tr>
<tr>
<td>Postage</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td></td>
<td>Cable/Satellite TV</td>
</tr>
<tr>
<td>Gasoline</td>
<td>$</td>
<td>Pets</td>
</tr>
<tr>
<td>Repairs/Maintenance</td>
<td></td>
<td>Internet Service</td>
</tr>
<tr>
<td>Registration/License</td>
<td>Monthly Obligations</td>
<td></td>
</tr>
<tr>
<td>Bus/Carpool/Ferry</td>
<td>Alimony/Child Support $</td>
<td></td>
</tr>
<tr>
<td>Parking/Tolls</td>
<td>Total Monthly Auto Loan Payments</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>Total Monthly Credit Card Payments</td>
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</tr>
<tr>
<td>Tuition</td>
<td>Other Monthly Obligations</td>
<td></td>
</tr>
<tr>
<td>Books</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Lessons/Classes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sports/Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health Care</td>
<td>Clothing</td>
<td></td>
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<tr>
<td>Medical (do not include if premiums are deducted from paycheck)</td>
<td>$</td>
<td>New purchases $</td>
</tr>
<tr>
<td>Dental Insurance (do not include if premiums are deducted from paycheck)</td>
<td></td>
<td>Dry Cleaning, Laundry</td>
</tr>
<tr>
<td>Prescriptions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Care</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cosmetics/Hair Salon</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Nails</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Personal Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>COLUMN 1 TOTAL:</td>
<td>$</td>
<td>COLUMN 2 TOTAL: $</td>
</tr>
</tbody>
</table>

COLUMN 1 + COLUMN 2 = TOTAL EXPENSES: $  

* If you own more than one home, be sure to include expenses for each home.
CREATING A FINANCIAL CRISIS BUDGET

There are three types of expenses—fixed, variable and discretionary. This classification helps you determine what expenses you may need to reduce or eliminate.

What are your fixed expenses? These expenses have set or fixed payments on a weekly, monthly or annual basis. You know what the amount will be. Examples include your car payment or insurance payment.

What are your variable expenses? These expenses can change, fluctuate or vary from month-to-month depending on usage or where obtained. Examples include utility bills, childcare costs, gas for automobile and groceries. Review these expenses over several months to determine an accurate amount.

What are your discretionary expenses? These items are not essential to your well-being and, if needed, will be the first expenses to be reduced or eliminated. Examples include holiday shopping, eating out, hairdresser and entertainment. Estimate what you spend on these expenses each month.

Experiencing Financial Crisis - Tips on Creating a Crisis Budget

The crisis budget is a temporary budget meant to help you through a financial crisis. You must make DRASTIC changes for at least 90 days to take control of your finances. The crisis budget is designed to help you determine and ultimately reach your financial goals. Keeping in mind that the budget is only temporary should make it easier to give up things like entertainment and personal spending.

Prioritize your monthly expenses and payments. Find ways to increase income and drastically decrease expenses. Ask yourself...

✧ What expenses can I eliminate (or reduce) for the next 90 days?
✧ What ways can I get more income and cash flow coming into my household?

Cutting expenses and managing a financial crisis is possible, but it takes a lot of commitment. Have a family meeting and work together to figure out how you can make the situation better. Everyone in the household should be allowed to contribute to the success of your plan. Good communication and a positive attitude are the keys to success during crisis!

TAKE ACTION!

1. Complete the budget worksheet
2. Look at the expenses you have recorded on the worksheet and make a note next to each one indicating whether you can reduce or eliminate the expense.
WHAT ARE YOUR ASSETS?

List your household assets. Think about what you are willing to do in order to improve your current financial situation. Can you (or will you) sell some of your assets? What assets should you liquidate? Are you willing to make some changes to your lifestyle? A certified housing counselor can help you determine your options and provide specific recommendations.

Record your assets on the chart below.

<table>
<thead>
<tr>
<th>Household Assets</th>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>Value</td>
<td>Amount</td>
<td>Sell?</td>
</tr>
<tr>
<td>a) Automobile #1</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>b) Automobile #2</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>c) Cash on Hand Over $100</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>d) Checking Account</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>e) Savings Account</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>f) Anticipated Tax Refunds</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>g) Money Market Funds</td>
<td>$</td>
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</tr>
<tr>
<td>h) Stocks/Bonds/CDs/Annuities, etc</td>
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</tr>
<tr>
<td>i) IRA / Keogh Accounts</td>
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<tr>
<td>j) 401k/Retirement Accounts</td>
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<tr>
<td>k) Computer/TV/Electronics</td>
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<tr>
<td>l) Furniture</td>
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<tr>
<td>m) Boats / Jet Skis</td>
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<tr>
<td>n) RV/ Recreational Homes</td>
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<tr>
<td>o) Motorcycles / Snowmobile</td>
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<tr>
<td>p) Farm Equipment</td>
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<td>q) Trailers</td>
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<td>r) Other Property</td>
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<td>s) Other</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

What is your current lifestyle like and what changes are you willing to make?
Eating out: ____
Entertainment:__
Toys/Luxuries:__
Cable TV:_____
Cell phone:_____
Other:_________
CAN YOU AFFORD TO KEEP YOUR HOME?

Based on what you earn, spend, need, and can sell, are you able to keep (afford) your home?

**Income and Expenses:**

1. Total Monthly Income $_________ (Total Household Income from What Is Your Income? on page 22)
2. Total Monthly Expenses $______ (from Where is Your Money Going? on page 23)
3. Total left over for increased $_________ (Line 1 + Line 2 above) mortgage payments or emergencies

**Cash Available/Needed:**

4. Cash Available $_____ (Add D, E & F under Column 1 from What are Your Assets? on page 25)
5. Assets You Can Sell $_________ (Column 3 total from What are Your Assets? on page 25)
6. Total Cash Available $_________ (Line 4 + Line 5 above)

Consider the HAMP target payment of 31% of gross monthly income for those who are eligible for that program.
Gather Your Loan Documents

Gather all of your mortgage loan documents. It is important that you fully understand the terms of your mortgage. A housing counselor can help you navigate through them. These documents may include:

- **Promissory Note** - This is the legal evidence of indebtedness and formal promise to repay the debt. It sets out your loan amount, payment date, payment amount or how your payment amount will be determined, and maturity date. It also includes the penalties for late payments and describes the steps that the lender and servicer can take if you fail to make your payments on time.

- **Deed of Trust** - The deed of trust helps to verify and protect the legal interest in a property. The property is deeded by the title holder (trustor) to a trustee (often a title or escrow company) which holds the title in trust for the beneficiary (the lender of the money).

- **Adjustable Rate Mortgage Rider (ARM Rider)** - Adjustable-rate mortgages (ARMs) are loans with interest rate and payment changes. ARMs may start with lower monthly payments than fixed-rate mortgages.

  There are two important considerations:
  - Adjustment period – How often the interest rate changes and when the payment amount changes
  - Borrower notification – When you will be notified of the change

  The interest rate on an ARM consists of two parts: the index and the margin. The index determines how the interest rate will change and the margin is an amount that is added to the index to determine the new interest rate. There are different types of ARMs: hybrid ARMs, interest-only ARMs, and payment-option ARMs.

- **Prepayment Penalty Rider** - A prepayment penalty allows the lender or servicer to charge the borrower additional interest (typically six months) when a mortgage is repaid during the penalty period, which is usually somewhere in the first three to five years of the mortgage. If a mortgage contains a prepayment penalty, this should be clearly stated in the mortgage disclosures, mortgage note, and/or prepayment penalty rider to the note.

- **TIL (Truth in Lending) Disclosure Statement** - This document must be provided at application of the loan and at closing on certain loans. It shows the estimated total costs of borrowing, expected payment amounts over the life of loan, and other significant features of your loan.
**HUD 1 Settlement/Closing Statement** – This document contains all the costs to you that are associated with the purchase of your home and the loan. It is provided to you at the loan closing.

**Last Two Mortgage Statements**

### What Kind(s) of Loan(s) Do You Have?

<table>
<thead>
<tr>
<th>What about my Loan on _______________________ (property address)?</th>
<th>First Mortgage</th>
<th>Second Mortgage (Home Equity Loan)</th>
<th>Where to find the information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Mortgage Lender</td>
<td></td>
<td></td>
<td>Deed of Trust</td>
</tr>
<tr>
<td>Original Loan Amount</td>
<td></td>
<td></td>
<td>TIL; Note</td>
</tr>
<tr>
<td>Monthly Payment</td>
<td></td>
<td></td>
<td>TIL; Note</td>
</tr>
<tr>
<td>Monthly Due Date</td>
<td></td>
<td></td>
<td>TIL; Note</td>
</tr>
<tr>
<td>Closing Date of the Loan</td>
<td></td>
<td></td>
<td>Deed of Trust; Note</td>
</tr>
<tr>
<td>Number of Payments</td>
<td></td>
<td></td>
<td>TIL; Note</td>
</tr>
</tbody>
</table>

### What is my Loan Type?

- [ ] FHA or [ ] VA
- [ ] Conventional or Rural Dev.

### What are my Loan Terms?

| Fixed Rate |  |  | TIL; Note |
| Adjustible Rate (ARM) Type |  |  | ARM Rider; Note |
| Initial Rate |  |  | ARM Rider; Note |
| Index |  |  | ARM Rider; Note |
| Margin |  |  | ARM Rider; Note |
| Adjustment Date |  |  | ARM Rider; Note |
| How often the loan adjusts |  |  | ARM Rider; Note |
| Interest Rate Adjustment terms |  |  | ARM Rider; Note |
| Payment Adjustment terms |  |  | ARM Rider; Note |
| Interest only payments |  |  |  |
| Other |  |  |  |

### Information included on the monthly mortgage statement

- Outstanding Balance
- Mortgage Insurance
- Homeowners Insurance
- Taxes Escrowed
- Insurance Escrowed

*ABBREVIATIONS:*

- Note: Promissory Note
- HUD 1: Settlement Closing Statement
- TIL: Truth In Lending
- ARM: Adjustable Rate Mortgage

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Topic 4: Know Your Options

- Keeping or Not Keeping Your Home
- IRS Mortgage Forgiveness Debt Relief Act and Debt Cancellation

KEEPING OR NOT KEEPING YOUR HOME

There are a number of solutions for a distressed homeowner. Solutions are individualized for each customer and are based on all of the following:

- Reason(s) for delinquency.
- Ability and willingness to pay. The servicer will consider your payment history (whether you had previously been making your payments on time) and your current financial condition (whether your current income and expenses allow you to continue making payments as required).
- How delinquent you are.
- The investor or owner of your loan. The servicer will know the investor’s policies for working with delinquent borrowers. A servicer must always follow the investor’s requirements.
- The number of mortgages on your home.
- Occupancy status of the home.

Take Action! List the things you can do that don’t involve the servicer. Examples include reducing your expenses, increasing your income, and selling assets:

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
What is Cancellation of Debt?

According to the IRS, if you borrow money from a lender and that lender later cancels or forgives the debt, you may have to include the cancelled amount on your tax return, depending on the circumstances. This means the amount forgiven or cancelled may be taxable TO YOU on your tax return.

When you borrowed the money, you were not required to include the loan proceeds in your income because you had an obligation to repay the lender. When that obligation is forgiven, the proceeds you received from the loan are normally reportable as income because you no longer have an obligation to repay them. The lender is usually required to report the amount of the cancelled debt to you and the IRS on a Form 1099.

For example: Your lender/servicer accepts a short sale offer on your home. The total debt owed is $200,000 and the short sale amount was $150,000. The lender/servicer forgives or cancels the deficiency amount of $50,000. This deficiency amount of $50,000 may be taxable income to you on your tax return.

However, under the Mortgage Forgiveness Debt Relief Act, you can exclude most cancelled debt income on your main home (the home you live in most of the time), when the debt is cancelled in the context of a foreclosure, deed in lieu, short sale, or loan modification if the debt was incurred in order to purchase, refinance, or improve the home. If you took out a loan on your home and you used the proceeds of the loan for a purpose other than purchasing or improving your home, such as paying off credit cards or purchasing unrelated items, you are not allowed to exclude that cancelled debt from your income. For a more detailed explanation of the cancelled debt that can be excluded, please review IRS Publication 4681. Also see IR-2008-17; Form 982.

This special relief applies to tax years 2007 through 2013.

Even if you do not qualify for this exclusion, the discharge of debt may not be treated as income if you are in bankruptcy or insolvent at the time of the discharge.

To summarize, debt cancelled due to a foreclosure, short sale, deed in lieu, or loan modification can be excluded from income if:

- The debt was incurred in order to purchase, refinance, or improve your home
- The debt was forgiven on your main home
- The debt was forgiven in tax years 2007 to 2013
- The debt forgiven was $2 million or less ($1 million if married filing separately)
When the mortgage debt is discharged/ forgiven, the homeowner will receive a 1099-C Form from the lender/servicer (see sample below). Please be sure to consult with a tax professional when considering options that may result in taxable income to you.

- Be sure to check all the information on this form carefully.
- Notify the lender immediately if any of the information shown is incorrect.
- Pay particular attention to the amount of debt cancelled (Box 2) and fair market value (Box 7).

**OPTIONS TO KEEP YOUR HOME**

Your available loss-mitigation options depend on the investor, the type of loan you have, and what the loan servicer is able to negotiate.

**Refinance** - A new mortgage on the loan with no change in ownership. The ability to refinance a loan requires that the borrower not be delinquent and that there be equity in the home.

**Repayment Plan** – Plan where the total amount of delinquent payments is distributed over a period of time, usually no more than 12 months. The monthly amount is added to the regular mortgage payment, resulting in a higher payment until the delinquent amount has been repaid. This repayment plan brings the account current within a pre-determined period of time.

**Loan Modification** - Past-due interest and escrow are applied to the unpaid principal balance, which is then re-amortized over a new term. Rate adjustments, term extensions, and principal forgiveness may be considered. Loan modification results in permanent, contractual changes in one or more mortgage terms. Additional loan fees may be involved based on the type of mortgage and the investor. A loan modification immediately brings the account current.

**Forbearance** – A temporary reduction or suspension of a borrower’s payment. The repayment plan is based upon the customer’s financial situation. Because of the long-term implications, this option is generally only available in severe hardship cases.
Bankruptcy – A legal procedure for dealing with debt problems of individuals and businesses that may or may not allow you to keep your home. Be sure to seek the advice of an attorney if you are considering this option. See Options to Not Keep Your Home for more information.

THE MAKING HOME AFFORDABLE PLAN

The Making Home Affordable (MHA) plan is part of President Obama’s broad, comprehensive strategy to stabilize the economy and the housing market. The program includes opportunities for modifications and refinances to make mortgage payments more affordable as well as foreclosure alternatives for those that can no longer afford their home. The program has recently been expanded to help unemployed homeowners.

The Home Affordable Refinance, Home Affordable Modification, and Home Affordable Unemployment Programs are the parts of MHA that use refinancing, loan modification, and forbearance to reduce monthly mortgage payments to a level that borrowers can afford today and in the future.

The refinancing option is only available for conforming loans owned or securitized by Fannie Mae and Freddie Mac. Most conventional loans such as prime, subprime, adjustable, loans owned by lenders, and loans in securities are eligible for a Home Affordable Modification. The Administration is working with Congress to enact legislation that will allow FHA, VA, and USDA to offer modifications consistent with Making Home Affordable. Currently, loans insured or guaranteed by these agencies are being modified under other programs that enable borrowers to retain homeownership.

Home Affordable Refinance (HARP) Option Eligibility Criteria:

- The property is 1-4 units and is either owner-occupied or a rental home that is not a vacation or second home
- The borrower is current on mortgage payments (“Current” means you have not been more than 30 days late on your payments in the last 12 months)
- The borrower has sufficient income to support the new mortgage payment
- The first mortgage must exceed 80% of the current market value of the property
- The mortgage is owned or guaranteed by Fannie Mae or Freddie Mac

To Determine if your Loan is Owned or Securitized by Fannie Mae or Freddie Mac:

Fannie Mae
1-800-7FANNIE (8am to 8pm EST)
www.fanniemae.com/loanlookup/

Freddie Mac
1-800-FREDDIE (8am to 8pm EST)
https://ww3.freddiemac.com/corporate/
Home Affordable Modification (HAMP) Option Eligibility Criteria

- The property is 1-4 units and is owner-occupied is either owner-occupied or a rental home that is not a vacation or second home
- The first mortgage must have an unpaid principal balance equal to or less than $729,750 (for 1 unit properties; higher for 2-4 unit properties)
- The loan must have originated before January 1, 2009
- The first mortgage payment (including taxes, insurance, and homeowner’s association dues) is more than 31% of the borrowers’ gross monthly income
- Borrower has experienced a significant change in income or expenses to the extent that the current mortgage payment is no longer affordable
- The mortgage is owned or guaranteed by Fannie Mae or Freddie Mac or is serviced by a HAMP participant

To Determine if your Loan is Serviced by a HAMP Participant:
http://www.makinghomeaffordable.gov/get-assistance/loan-look-up/Pages/default.aspx

Home Affordable Unemployment Program (UP) Option Eligibility Criteria

- Same criteria as for Home Affordable Modification, AND
- The mortgage has not been previously modified under HAMP and the borrower has not received a forbearance under UP
- The mortgage payments are not more than 3 months due
- The borrower is unemployed and can document unemployment benefits

For more information or to determine eligibility: www.makinghomeaffordable.gov or call (888) 995-HOPE.
A new Washington law gives homeowners in foreclosure the right to request mediation. Mediation provides a neutral setting where both the homeowner and the bank are obligated to act in good faith, exchange paperwork, and discuss alternatives to foreclosure. If the homeowner timely requests mediation through a housing counselor or an attorney, the bank cannot continue with a foreclosure action until mediation is completed.

**What is mediation?**
Mediation is the process where homeowners sit down with their bank and a trained mediator to discuss alternatives to foreclosure. A mediator does not have the authority to order a resolution, as a judge in a court case would, but the mediator may be able to help the bank and the homeowner to reach an agreement. The law requires that both the homeowner and the bank participate in mediation in good faith.

**What do you mean the homeowner and the bank must participate in good faith?**
The law requires that both the homeowner and the bank participate in mediation in good faith. In order for the bank to satisfy this good faith requirement it must, at a minimum:

- Send a representative to mediation who has the authority to modify the homeowner’s loan (The representative can appear by phone).
- Provide the mediator and each other with a set of documents as required by the law prior to the mediation.
- Pay the $200.00 mediation fee.
- Analyze the loan for modification under the federal Home Affordable Modification Program requirements or alternative loan modification program, if applicable.

In order for the homeowner to satisfy this good faith requirement you must, at a minimum:

- Provide the bank and the mediator with the necessary documents in a timely manner (see RCW 61.24.163 for specific timelines).
- Pay the $200.00 mediation fee.
- Attend the mediation or authorize someone else to mediate on your behalf.

**How much does mediation cost?**
The fee for mediation is $400.00 shared equally by the bank and the homeowner. Therefore, the homeowner will have to pay a $200.00 mediation fee.

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1 Mediation is not available in all cases. Mediation is only available for owner-occupied residential property. Mediation may not be available if your lender is a small bank or a credit union, which has requested an exemption from this law. The Washington State Department of Commerce keeps a list of banks that are exempt from foreclosure mediation on its website at [http://www.commerce.wa.gov/site/1367/default.aspx](http://www.commerce.wa.gov/site/1367/default.aspx).
**Where does mediation fit in the foreclosure process?**
A homeowner must request mediation any time after receiving a Notice of Default but no later than 20 days after the notice of trustee sale being recorded. If mediation is not requested prior to 20 days after the notice of trustee sale being recorded, the homeowner waives the right to mediation.

**Who will be my mediator?**
Once mediation has been requested by an attorney or a housing counselor, the Department of Commerce will notify the homeowner and the bank that mediation has been requested and will select a mediator. The Department of Commerce determines who can act as a foreclosure mediator.

**How do I request mediation?**
Mediation can only be requested by a housing counselor or an attorney. Thus the first step to requesting mediation is to contact a housing counselor or an attorney. Call 1-877-894-HOME (4663) to find free housing counseling, or 1-800-606-4819 for an attorney.

**I’ve requested mediation, now what?**
At least 30 days prior to mediation, the mediator will notify the homeowner and the bank of the time, date, and place of the mediation. Within 23 days of notice from the Department of Commerce that mediation has been requested, the homeowner must send the relevant paperwork to the bank and the mediator. Then, within 20 days of receiving the homeowner’s paperwork, the bank must send the relevant paper work to the homeowner and the mediator. The mediator will notify you about the specific documents you need to provide. A housing counselor or attorney can help you to prepare these documents.

**What paperwork should I be sending and receiving?**
The mediator will notify you with the specific documents you need to provide.

Generally, the homeowner should, at a minimum, provide the mediator and the bank with a detailed financial statement that includes:
- proof of income, including your most recent paystubs, public benefit award letter, or a profit and loss statement if you own your own small business
- documentation of your debts and other obligations
- last 2 years of tax returns

Generally, the bank should, at a minimum, provide the mediator and the homeowner with:
- the loan balance
- an itemized list of fees and charges
- payment history
- net present value or other loan modification information
**What if mediation does not work?**

Mediation does not require banks and homeowners to enter into a loan modification or any other agreement. Mediation simply provides a neutral setting for the bank and the homeowner to discuss alternatives to foreclosure. Even a “successful” mediation may not result in a modification of your loan or the preservation of your home.

The mediator will issue a written certification determining whether the parties mediated in good faith within 7 days of the mediation. Once the mediator issues that certification, the bank can proceed with the foreclosure and record the Notice of Trustee Sale.

If the bank does not participate in mediation in good faith and attempts to continue the foreclosure process, then the homeowner can file a lawsuit in court to stop the bank from proceeding with the non-judicial foreclosure. If this happens to you, contact an attorney immediately. For referrals to an attorney, call 1-800-606-4819.

**WHAT TO BRING TO MEDIATION**

**Documents Required:**
- Making Home Affordable Request for Mortgage Assistance (RMA)
- Hardship Letter
- 4506-T Request for Tax Returns
- Documentation of all current and future income, which may include:
  - Recent paystubs
  - Profit/Loss Statement for Self-Employed Borrowers
  - Public Benefit Award Letter
  - Unemployment Award Letter
  - Bank Statements
- Debts and Obligations
  - List of household expenses (budget)
  - Statements for all debt obligations
- Tax Returns for the past two years

**Documents not required, but Recommended to Have Available during Mediation:**
- Most recent and consecutive two months bank statements
- Utility bill to show proof of occupancy
- Additional information documenting your hardship/Hardship Letter
- Calculator
- Net Present Value Test (NPV Test):
  - See housing counselor or attorney for details or visit [www.checkmynpv.com](http://www.checkmynpv.com)
- Copy of the Foreclosure Fairness Act: available at [www.commerce.wa.gov/foreclosures](http://www.commerce.wa.gov/foreclosures)
- Copy of Home Affordable Modification Program (HAMP) Guidelines (if applicable) 6
  - See housing counselor or attorney for more information or visit: [https://www.hmpadmin.com/portal/programs/docs/hamp_servicer/mhahandbook_32.pdf](https://www.hmpadmin.com/portal/programs/docs/hamp_servicer/mhahandbook_32.pdf)
The vast majority of foreclosures in Washington State occur through a non-judicial process. That means that the foreclosing loan servicer (an entity hired by the bank) need only serve and record a couple of notices, wait a few weeks and then proceed with the trustee’s sale. Unlike states where banks must file a lawsuit to proceed with foreclosure, Washington offers no court oversight. In order to dispute foreclosure or compel the bank to consider alternatives, the homeowner has to file an affirmative lawsuit, which is beyond the means for most homeowners with limited resources.

In response to this growing frustration, Washington state passed the Foreclosure Fairness Act (FFA) in 2011, permitting homeowners to request mediation with their bank and try to reach an agreement that avoids foreclosure, if possible, without going to court. A mediation hearing may result in a modification agreement if the homeowner has sufficient income, allowing the bank to benefit and the homeowner to stay in the home. If modification is not possible, homeowners can discuss other loss mitigation alternatives, such as a deed in lieu of foreclosure or a short sale.

Under the FFA, only an attorney licensed to practice in Washington or a HUD-certified housing counselor can request mediation on behalf of a homeowner, although homeowners can represent themselves at the mediation hearing. In addition, homeowners also have a right to request a meeting with their bank soon after default, before mediation is necessary. The right to both the meeting and mediation are triggered during specific times in the foreclosure process.

This Toolkit (pgs. 38-48) is intended to help homeowners understand and benefit from the rights provided by the FFA. Where homeowners are not represented by an attorney or housing counselor, this Toolkit will help homeowners represent themselves. The process is complex, but these tools will help homeowners navigate the system and offer materials to help them advocates for themselves to try to save their homes.
**FORECLOSURE TIMELINE**

**NOTICE OF PRE-FORECLOSURE OPTIONS**

- **IF HOMEOWNER RESPONDS WITHIN 30 DAYS, HOMEOWNER HAS AN ADDITIONAL 60 DAYS TO MEET WITH THE LENDER BEFORE A NOTICE OF DEFAULT MAY BE ISSUED**

- **NO RESOLUTION**

- **RESOLUTION**

- **NOTICE OF DEFAULT**

  - **MEDIATION**

    - **Referral between Notice of Default & 20 days after Notice of Trustee’s Sale is recorded**

    - **RESOLUTION**

    - **NO RESOLUTION**

- **NOTICE OF TRUSTEE’S SALE IN 30 DAYS**

  - **TRUSTEE’S SALE**

  - **LEGAL CHALLENGE TO SALE**

- **NOTICE OF TRUSTEE’S SALE IN 120 DAYS**

  - **UNLAWFUL DETAINER ACTION IN 20 DAYS**
Rights Under FFA: The Basics

What?

Meet & Confer
- Right to meet with beneficiary to discuss alternatives to foreclosure.

Mediation
- Right to meet with beneficiary in presence of a neutral third party who facilitates the negotiation of an agreement.

Per se Consumer Protection Act (CPA) Litigation
- Right to file a lawsuit to enjoin (stop) sale if beneficiary violates FFA or fails to offer a modification if homeowner passes Net Present Value test (NPV).

When?

Meet & Confer
- After Loan Default and before service of Notice of Default, homeowner must receive Notice of Pre Foreclosure Options (NOPFO), including the right to “meet and confer.”

Mediation
- After Service of Notice of Default and up to 20 days past service of Notice of Trustee Sale, homeowner may request mediation.

Per se Consumer Protection Act (CPA) Litigation
- If beneficiary violates NOPFO rights, after not-in-good-faith mediation certification, homeowner may sue.

How?

Meet & Confer
- Respond to NOPFO within 30 days of receipt and set up meeting. Requesting meeting will add 60 days to pre-Notice of Default period.

Mediation
- Consult with HUD counselor or Washington licensed attorney for referral to mediation. Pay mediation fee ($200) and submit timely loan modification application.

Per se Consumer Protection Act (CPA) Litigation
- File complaint and motion to enjoin with at least 5 days’ notice to trustee. Note right to enjoin outside of FFA, too (RCW 61.24.130).
**Meet and Confer**

**What?**
- After Loan Default and before service of Notice of Default, homeowner must receive Notice of Pre Foreclosure Options (NOPFO), including the right to “meet and confer.”

**When?**
- After Service of Notice of Default and up to 20 days past service of Notice of Trustee Sale, homeowner may request mediation.

**How?**
- If beneficiary violates NOPFO rights, after not-in-good-faith mediation certification, homeowner may sue.

**Mediation**

**What?**
- Right to meet with beneficiary in presence of third party neutral who helps parties negotiate an agreement.

**When?**
- After Service of Notice of Default and up to 20 days past service of Notice of Trustee Sale.

**How?**
- Consult with HUD counselor or WA licensed attorney for referral to mediation. Pay mediation fee and submit required documents.

---

**Per Se Consumer Protection Act (CPA) Violation**

**What?**
- Right to file a lawsuit to enjoin sale if beneficiary violates FFA or fails to offer a modification if homeowner passes Net Present Value test.

**When?**
- After beneficiary violates NOPFO rights, after not-in-good-faith mediation certification.

**How?**
- File complaint and motion to enjoin with at least 5 days notice to trustee. Note right to enjoin outside of FFA, too (RCW 61.24.130).
NOTICE OF PRE-FORECLOSURE OPTIONS FLOW CHART

NOTICE OF PRE-FORECLOSURE OPTIONS

IF HOMEOWNER RESPONDS WITHIN 30 DAYS, HOMEOWNER HAS AN ADDITIONAL 60 DAYS TO MEET WITH THE LENDER BEFORE A NOTICE OF DEFAULT MAY BE ISSUED

HOMEOWNER MUST RESPOND WITHIN 30 DAYS TO ASSERT RIGHT.

NO RESOLUTION

RESOLUTION

NOTICE OF DEFAULT

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To assert new right, homeowner MUST request mediation through an attorney or HUD housing counselor and provide documents within required time period.

Notice of Default

Mediation

Resolution

Trustee’s Sale Cancelled

No Resolution

Mediator issues certification

Trustee’s Sale Continues

If mediator issues bad faith certification for lender, see next chart.
To assert new right, homeowner MUST restrain Trustee’s Sale in court.
**Mediation Timeline**

- Within **10 days** of receiving the mediation request, Washington Department of Commerce notifies the parties and selects a mediator.
- A $200 fee must be paid to the mediator within **30 days** of receipt of that letter or per the mediator’s instruction.
- Within **23 days** of the notice, the homeowner transmits documents required for mediation to mediator and beneficiary.
- Within **20 days** of the beneficiary’s receipt of the homeowner’s documents, the beneficiary shall provide its documents to mediator and homeowner.
- The mediation is scheduled no later than **70 days** after the mediator is selected, unless otherwise agreed.
- **30 days** before the mediation session, the mediator will set a time, date, and place for the mediation.
- The mediation is **1-3 hours**, unless otherwise agreed.
- Within **7 business days** of the mediation, the mediator must issue a written certification of results and good faith.
**Mediation Overview**

**Mediation**

- A neutral mediator helps the homeowner and the lender reach an agreement
- The goal is to avoid foreclosure
- The mediator cannot force the lender to accept the agreement
- The mediator issues a Certification of Good Faith

**Both Parties Have a Duty of Good Faith**

- Timely participation
- Provide required documentation in a timely manner
- Pay the mediation fee
- Designate a representative with adequate authority to reach a resolution with the homeowner in mediation
- Not requiring waiver by homeowner of any future claims

**Homeowner Must Provide:**

- Current and future income
- Record of debts and obligations
- Asset information
- List of household expenses
- Tax returns for the past two years
- Hardship information
- Any other relevant information

**Lender Must Provide:**

- Note and Deed of Trust
- Proof of ownership of Note
- Balance of the loan
- Itemized list of missed payments and fees
- Payment history
- Explanation of any denial for a loan modification, forbearance, or other alternative to foreclosure
- Appraisal (not more than 90 days old)
- Pooling and Servicing Agreement (if applicable)
FORECLOSURE MEDIATION
CHECKLIST FOR HOMEOWNERS

A. Referral to mediation by housing counselor or attorney
B. Send documents to mediator and beneficiary
   ✓ 23 days after notice of referral from Department of Commerce (DOC)
C. Send $200 mediation fee to mediator
   ✓ 30 days after receiving notice of referral or per mediator’s instructions
D. Lender sends documents to mediator and homeowner
   ✓ 20 days after receiving homeowner’s documents
E. Prepare Homeowner Mediation Notebook (see next page)
   ✓ Prior to mediation
F. Day of Mediation
   ✓ 70 days after mediator is selected
   ✓ Arrive early
   ✓ Dress nicely
   ✓ Inform the mediator and lender ahead of time if someone will be attending the mediation with you
Suggested Table of Contents

1. Mediation Brief/Proposal
2. Net Present Value Analysis
3. Mediation Referral Documents
4. Modification Application
5. Hardship Letter
6. Income Records
7. Profit and Loss Statement (if applicable)
8. Bank Statements (past two months – not online print out and include all pages)
9. Request for Tax Returns (4506-T Form)
10. Income Tax Returns (past two years)
11. Documentation of Debts and Obligations
12. Monthly household expense sheet
13. Utility Bill
14. Notice of Default
15. Notice of Trustee’s Sale (if applicable)
OPTIONS TO NOT KEEP YOUR HOME: HOW TO EXIT GRACEFULLY

The following summarizes the different ways to mitigate the consequences of defaulting on your home loan. Even if you do not plan to keep your home, it is important to study your options carefully, work with your servicer, and seek advice from an attorney or housing counselor. Your choice will likely be based on consideration of the following issues:

1. **Your responsibility for the deficiency.** If your home is worth less than what you owe on your home loan(s), then there will likely be what is called a “deficiency” (i.e., the difference between the balance of the loan and the amount obtained at a foreclosure sale or short sale). Some of the options below may leave you responsible for the deficiency so that even though you no longer own and live in the home, you will still be responsible for repaying a portion of the home loan. Other options may relieve you of the responsibility to pay the deficiency.

2. **The effect on your credit score.** Being 30 or more days late on a mortgage payment will be a significant hit to your credit score. Your credit score will take another big hit if you are ultimately unable to pay back all of your loan and lose the home through a foreclosure, deed-in-lieu of foreclosure, or short sale. The company that developed FICO scores, Fair Isaac, has said that generally speaking each of these options (i.e., foreclosure, deed-in-lieu, or short sale) has roughly the same effect on your credit score. Filing bankruptcy will have the most severe impact on your credit score, though it may still be the best option for some people given other considerations.

3. **Your liability for income taxes.** The Internal Revenue Service (IRS) may treat cancelled or forgiven debt as income on which you can be taxed. Please review the previous section of this publication (on page 30) entitled “IRS Debt Cancellation and the Mortgage Forgiveness Debt Relief Act.”

You should determine which of the following options makes the most sense for you.

**Sell the property** – This is the best option if you cannot afford the mortgage payment and if the house is worth more than the amount owed. Other considerations include the condition of the home and how much time you have. By selling your home before you fall behind on your payments, you will avoid damage to your credit score, and you may be able to get more money out of your home than you would with the other options described below.

**Foreclosure** – Allowing the home to go to foreclosure is sometimes the best option. Historically, nearly all foreclosures were carried out through the courts (known as “judicial foreclosures”). Where the proceeds from a foreclosure sale were insufficient to cover the balance of the home loan, borrowers would be liable for the deficiency. In Washington judicial foreclosures have become rare. Most foreclosures now take place through a “non-judicial” process that does not involve the courts. If your servicer is conducting a non-judicial foreclosure, after the foreclosure you will no longer be responsible for the deficiency. However, if you have a second mortgage on your home, only the loan for which the home was foreclosed will be discharged and you will remain responsible for any deficiency on the other loan.
While the home is going through the non-judicial foreclosure process (which takes at least 190 days), borrowers who will inevitably lose their homes may want to save all the money they can so that it can be used when it is time to leave the home. Other options, such as a short sale and deed-in-lieu may result in a borrower needing to leave the home sooner, with less time to save.

**Short Sale** – If the market value is less than the total amount owed, a short sale allows the borrower to sell the home and use the proceeds to pay the mortgage even though the sale proceeds may be less than the total amount due on the first mortgage. The investor and mortgage insurer must agree to this option. Unless the short sale documents explicitly state that the short sale will discharge the borrower’s liability for the loan, the short sale will result in a deficiency, in which case it is unlikely that the short sale would be beneficial for the borrower. It is critical that the short sale documents include a written statement that the borrower is discharged from the obligation to repay the loan. Borrowers that have second mortgages may want to consider a short sale because lenders may agree to discharge liability on both mortgages (but with a foreclosure, only one loan will be discharged where there is a deficiency). Under RCW 61.24.026, if a homeowner submits to the beneficiary a signed purchase and sale agreement and a request for a short sale before the notice of default, the homeowner has a right to a response from the beneficiary within 120 days.

**Deed-In-Lieu of Foreclosure** – With a deed-in-lieu of foreclosure, the servicer allows the borrower to transfer ownership of the property (the deed) to the servicer if the home cannot be sold at market value. This option requires that the property be listed for a specified period of time, generally 90 days. The borrower may remain liable for some portion of the debt unless explicitly stated in the documents effectuating the transfer. Like a short-sale, a deed-in-lieu may help borrowers with more than one mortgage on their home avoid a deficiency.

**Assumption** - If you find another borrower willing and qualified to take over your mortgage and your home, he or she may assume your mortgage if it is allowed under your loan terms. The new borrower must meet the lender’s criteria.

**Bankruptcy** - Consumers have the option of filing a Chapter 7 or Chapter 13 Bankruptcy if they need more time to pay a mortgage delinquency or need to restructure or eliminate their debt so that they have funds available to pay secured debts. In some circumstances, filing bankruptcy may help you to keep your home, but it may also help mitigate the consequences of foreclosure if losing the home is inevitable. A properly-timed bankruptcy can allow you to avoid liability for deficiencies and taxes. Additionally, both types of bankruptcy provide two important benefits:

1. **Automatic Stay**: As soon as the bankruptcy petition is filed, an automatic stay is immediately put in place by the Bankruptcy Court. This means that no lawsuits, foreclosures, garnishments, or any other collection activity may proceed against the debtor without the court’s permission.

2. **Time to Review Alleged Claims**: Creditors sometimes claim debts that the debtor disputes. The court may review the claim and correct any erroneous charges.
TYPES OF BANKRUPTCY

**Chapter 7: Complete Liquidation** - Allows the debtor to discharge most unsecured non-priority debts while retaining exempt property such as a homestead. It can be used to reduce monthly payments thereby increasing available income to pay monthly mortgage amounts. It usually takes 3 - 5 months after filing for the discharge to be completed.

**Chapter 13: Reorganization** - Available to debtors with a certain income level. It allows a debtor to keep a property and create a schedule of payments to cure the delinquent amounts owed on a mortgage over a 3 - 5 years. It also provides a mechanism to strip a 2nd mortgage when there is no equity attached to the interest and "cram down" secured debt on non-residential property.

**Consult an attorney about your options. Information is also available at:**

- Legal Information: www.washingtonlawhelp.org
- NJP CLEAR: 1-888-201-1014 (legal advice/referral for low-income residents outside King County)
- United Way 211: dial 2-1-1 (legal referrals for low-income King County residents)
- National Consumer Law Center: www.nclc.org

**How to find a lawyer licensed to practice law in Washington:**

**Washington State Bar Association**: 1-800-945-8722 or www.wsba.org/ (lawyer directory)

Clark County
Southwest Washington Lawyer Referral Service (360) 695-0599

Kitsap County
Kitsap County Lawyer Referral Service (360) 373-2426

Pierce County
Tacoma-Pierce County Bar Lawyer Referral Service (253) 383-3432

Spokane County
Spokane County Bar’s Online Lawyer Referral Service www.sпokanebar.org/

King County
King County Lawyer Referral Service (206) 267-7010

Lewis County
Lewis County Lawyer Referral Program (360) 748-0430

Snohomish County
Snohomish County Bar Referral Service (425) 388-3018

The **King County Bar Association** sponsors two specialty legal clinics focused on bankruptcy and consumer debt related issues: the downtown Debt Clinic in Belltown and the South Seattle Debt Clinic in South Seattle. **To make an appointment for either clinic, call (206) 267-7070 from 9 a.m. to noon, Monday - Thursday. In order to increase the likelihood of being able to reserve a spot at either clinic, KCBA advises o call clients tas close to 9:00 a.m. on Monday as possible.**
Don’t be a Victim!

The possibility of losing your home to foreclosure can be terrifying. The reality that scam artists are preying on the vulnerability of desperate homeowners is equally frightening. Many so-called foreclosure “rescue” companies claim they can help you save your home. Unfortunately, foreclosure fraudsters can take your money, ruin your credit, and wipe out any equity you may have in your home.

Your mortgage lender – or any HUD-approved housing counseling agency – can help you find real options to avoid foreclosure at no cost. If someone offers to negotiate with your lender or offers to arrange to stop or delay foreclosure for a fee, carefully check his or her credentials, reputation, and experience.

Loan modification companies are similar to foreclosure “rescue” firms. Many aggressively target struggling borrowers. The Washington State Department of Financial Institutions requires the licensing of loan modification companies. Additionally, individual people providing the loan modification services must be licensed as loan originators. Loan modification offers can look legitimate. Some even replicate government agency websites, use forged letterheads resembling those used by your lender, or use forms that resemble the governmental modification programs. Anyone guaranteeing results or charging upfront fees to “save your home” should be suspect. Call your lender directly using the phone number on your mortgage statement and seek free counseling help from a HUD-certified financial counselor. The Washington State Department of Financial Institutions keeps a database of all licensed loan modification companies. Verify the license of anyone you’re working with!

WARNING SIGNS

If you are looking for foreclosure prevention help, beware of any business that:
• contacts you without you having contacted them first
• guarantees to stop the foreclosure process – no matter what your circumstances
• offers to make your loan more affordable and help you avoid foreclosure
• instructs you not to contact your lender, lawyer, or credit or housing counselor
• requires you to pay a fee before providing you with any services
• accepts payment only by cashier’s check or wire transfer
• encourages you to sell and then lease your home so you can buy it back over time
• tells you to make your mortgage payments directly to the business, rather than to your lender
• tells you to transfer your property deed or title to the business
• offers to buy your house for cash at a fixed price that is not set by the housing market at time of sale
• offers to fill out paperwork for you
• tells you that it can do a “forensic loan audit” that may allow you to keep your house without paying for it
• pressures you to sign paperwork that you haven’t had a chance to read thoroughly or that you don’t understand
• tells you to ignore any foreclosure or eviction notices you have received

**HOW SCAMS WORK**

In today’s economy, foreclosure “rescue” firms and loan modification companies are abundant. Their goal is to make a quick profit. They will use half-truths and outright lies to sell services that promise relief and then fail to deliver.

Potential victims are easy to find. Foreclosure “rescue” professionals use a variety of tactics to find homeowners in distress from placing foreclosure postings in the newspaper or on the Internet to accessing public files at local government offices. Other approaches include television ads and posters on telephone poles and bus stops. They may also send out personalized letters to the homeowners and post signs in their neighborhoods.

The scam artists use simple and straightforward messages, like:

“Stop Foreclosure Now!”
“We guarantee to stop your foreclosure”
“Keep your Home. We know your home is scheduled to be sold. No Problem!”
“We have special relationships within many banks that can speed up case approvals”
“We Can Save Your Home. Guaranteed. Free Consultation”
“We stop foreclosures every day. Our team of professionals can stop yours this week!”

These companies often encourage homeowners to stop working with their lender, servicer, and housing counseling agency and tell them they will take care of everything.

If you suspect a scam, contact the Washington Attorney General’s Office, the Washington Department of Financial Institutions, Northwest Justice Project, or a housing counselor (see Tools for the Homeowner section for the contact information).

**COMMON FORECLOSURE SCAMS**

**Phony Counseling or Phantom Help** -- The “rescuer” tells the borrower that he or she can negotiate a deal with the servicer to save the house if the borrower pays a fee first. Once the fee is paid, the rescuer takes off with the money and provides no assistance.

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**Phony Loan Modification** -- The “rescuer” tells the borrower that the rescuer has been successful in negotiating a modification of the loan with the servicer and that the borrower should make the new loan payments to the rescuer instead of the servicer. The rescuer then pockets the supposed loan payments it receives. The servicer proceeds to foreclose because a loan modification has not been negotiated and it is not being paid.

**Lease or Buy-Back** -- Homeowners are deceived into signing over the deed to their home to a scam artist, who tells them they will be able to remain in the house as a renter and eventually buy it back. Usually, the terms of this scheme are so demanding that the buy-back becomes impossible, the homeowner gets evicted, and the “rescuer” walks off with most or all of the equity.

**Bait and Switch** -- Homeowners believe they are signing documents for a new loan to make the mortgage current, but sign away their home and are left holding the mortgage on a home they no longer own.

**Refinance Fraud** -- Beware of people posing as mortgage brokers or lenders and offering to refinance your loan so you can afford the payments. Con artists may trick you into signing over the ownership of your home by saying that you are signing documents for a new loan.

**Bankruptcy Foreclosure** -- There are several scam attempts designed to abuse the bankruptcy laws. The bankruptcy process can be complicated and expensive and the results can have a negative effect on your credit for years to come. Some “rescuers” promise to negotiate with the lender or get a refinance on your behalf for an upfront fee. Instead, the scam artist takes the fee and files a bankruptcy case in your name—sometimes without your knowledge.

**Equity Stripping** -- A buyer purchases the home for the amount of the late payments and flips the home for a quick profit.

**Forensic Loan Audit** — The scammer persuades the borrower that, for a fee, it will conduct an “audit” of loan documents, which may find that the lender made an error in the paperwork, which supposedly will allow the borrower to keep the home without having to pay for it. These reports generally do not produce information that supports the promises made by the scammer.

New foreclosure scams are constantly being developed. Always call a HUD-approved housing counseling agency or your servicer if you suspect an offer is too good or if you are asked to pay a fee for foreclosure prevention services.

### How To Protect Yourself From Scams

- **DON’T** give money to people who promise to work with your lender to modify your loan. Instead, contact the Washington Homeownership Center at 1-877-894-HOME (4663) for a referral to a housing counseling agency and receive free help.
- **DON’T** transfer or sign over the deed to your home as part of a foreclosure avoidance transaction. A deed should be signed over only if you intend to sell the home for a fair price.
- **DON’T** make your mortgage payments to anyone other than your lender or loan servicer, even if he or she promises to pass the payment on.
- **DON'T** sign any documents without reading and understanding them first, or any documents containing blank spaces. Many homeowners think they are signing documents for a new loan to pay off their mortgage and they discover they have actually transferred ownership to the “rescuer.”
- **DO** call your lender and request mortgage assistance as soon as possible. You must notify the lender that you are seeking alternatives to foreclosure so it can start the loss mitigation process.
- **DO** consult an attorney or financial advisor before signing any “rescue documents.”
- **DO** take time to think about what’s being proposed and consider whether there are warning signs.
- **DO** contact a HUD-approved housing counseling agency that may be able to help you for no charge.
- **If it sounds too good to be true, it probably is. Trust your instincts and seek help.** Reporting suspicious schemes helps prevent others from becoming victims.

**IF YOU SUSPECT A SCAM, CONTACT:**

**Washington Attorney General’s Office**  
Consumer Protection: 1-800-551-4636 / Main Office: 360-753-6200  
Out-of-State: 1-206-464-6684  
www.atg.wa.gov

**Washington Department of Financial Institutions**  
1-877-RING-DFI (877-746-4334)  
www.dfi.wa.gov

**Northwest Justice Project**  
1-888-201-1014

**Washington Home Ownership Center**  
1-877-894-HOME (4663)

**Federal Trade Commission**  
1-877-FTC-HELP (1-877-382-4357)  
www.ftc.gov

**Better Business Bureau**  
206-431-2222 or 253-830-2924  
http://alaskaoregonwesternwashington.bbb.org/consumers/

More information on the latest rescue scams and ways to protect yourself can be found at:

Developing a budget and savings plan is critical to recovering quickly after a foreclosure or a loss mitigation process. Your options may be constrained due to income or debt issues, credit history, and limited savings. The rebuilding process has several steps.

**Step 1: Crisis Spending Plan**
The first step is to create a “crisis spending plan” which will help you meet your immediate financial obligations. This should focus on “basic needs” priorities such as food, medical bills, housing expenses, utility payments, car loans, child support, and income tax debts. Apply for social service programs that can provide food, clothing, emergency housing vouchers, and emergency utility vouchers to assist you during this transition process. *(See Community Resources on page 67 for contact information)*

**Step 2: Set Financial Goals**
What are your top five challenges and top five assets (financial or behavioral)? Envision your life next year, as well as three and five years ahead. This helps with goal-setting and allows you to plan beyond your immediate situation. Decide whether to focus attention on saving, reducing debt, or increasing income. These are fundamental elements of financial goal setting and planning. Assistance is available from non-profit agencies and community organizations.

**Step 3: Estimate Next Year’s Income and Expenses**
Review the past year’s income and consider possible changes in the coming year. Next, review debts and expenses. Consider how expenses will change given the new housing situation. Also, determine whether your new housing situation impacts any other expenses like transportation or day care. If necessary, fine tune expenses and create a livable spending plan.

**Step 4: Analyze Current Financial Situation & Spending Habits**
- Review and consider the total balance owing on each debt and the amount of payments due each month. List the changes you must make, or want to make, in the coming year. This becomes your Action Plan.
- Review monthly expenses and discuss each item with family members. Rank your expenses from most important to least important. Then list the changes you believe you must make and others you would like to make. These are part of your Action Plan as well.
- The final step is Action Planning. Review any savings and investment goals and list ways they could be increased. Every little bit helps. For example, start saving change, saving $10 each week in a safe place at home, or direct depositing $40 each month.
- If you net any cash from the sale of your home, use these funds to support your rebuilding plan.
Step 5: Create a Rebuilding Plan

Once the crisis-spending plan has been implemented, tackle the negatives on your credit history and begin establishing good credit. The new spending plan should support payment of all monthly bills on time, and allow you to start paying off past-due balances. Use the steps above to create a written plan that is clear and attainable.

Step 6: Changing Habits

It is time to comprehensively address your spending habits and money management decisions. Ask for advice and guidance and research available resources for a workable, systematic approach to managing your finances. Resisting change and clinging to old habits will not move you forward. Financial freedom becomes more attainable with each spending decision based on your new savings goals. As past due balances are paid in full and bills are paid on time, credit scores will increase. Pay off debt rather than regularly transferring debt to other cards. Apply for new credit only when strictly necessary.

Common stumbling points for many families are managing monthly bill-paying habits, keeping spending records, and conducting periodic reviews. You may not have had successful methods of paying bills and tracking expenditures. The following suggestions can easily be implemented into your new finance management plan:

1. Choose a specific area in your home to be the “office” area.
2. For each pay period, record how the money was spent in a notebook.
3. Work out a bill payment and recordkeeping system that is convenient and easy to use. (Where bills will be put when they arrive, how you will keep track of online bill pay, where you will store and record bills due and paid, etc.)
4. Each time bills are paid; enter the amounts and dates into your notebook. Keep labeled receipts and cancelled checks to help remember to enter other expenses.
5. Practice planning purchases. If you need to replace your vehicle or make some other major purchase, begin making “practice” payments to your savings account in that amount about 3-4 months before you buy. This builds up your savings and prepares you for the impact of the additional payment. Don’t just “say” you’re going to do it - commit to it and start saving those payments so you don’t end up taking on too much additional debt.
6. Near the end of every month, compare your written spending plan from Step 1 with the actual expense record in your notebook.
7. Don’t expect the plan and actual expenses to be exactly the same. Don’t be discouraged if it doesn’t go according to plan each month. Just identify the differences and discuss how you will handle extra expenses in the month to come.
8. Revise the spending plan as necessary.
9. If overspending and excessive use of credit is an issue, think of a “tag” or “reminder” that might cause you to stop and think before you spend money on things that are not in your plan.
10. Keep your savings goals in a visual place. Write them down on a card to keep behind your debit card. Draw a picture and post it in several visible places in your home. Keep talking about goals with your family so you can hold each other accountable when spending starts to get out of hand.
Step 7: Managing the Plan
A good plan is only as good as its implementation and maintenance. Realistically, you may not be able to correct all your credit and spending issues at once. One step at a time is progress. A realistically achievable plan will be easier to maintain and therefore lead to more success.

The action plan should be broken into monthly goals. Review the rebuilding plan each month to assess progress and make any necessary changes. It might be helpful for you to meet with a trusted advisor or counselor once a month for the first several months and less frequently or as-needed after that.

Finally, during rebuilding, it is CRITICAL to avoid the spending and lending traps of “fringe financial services.” High-cost financial traps take advantage of financially distressed families. By committing to a healthy financial rebuilding plan, you will be empowered to avoid alternative, costly services like back-to-back loans and online payday loans. Establishing a good working relationship with a bank or credit union will help you avoid the high cost of check cashing outlets. Begin to develop modest savings to get through emergencies while avoiding overdraft loans, tax refund anticipation loans, and rent-to-own merchandise. To find a free or low-cost bank or credit union, go to www.everyoneiswelcome.org.
Topic 7: Tools for the Homeowner

- How to Find and Contact Your Lender or Loan Servicer
- Servicer Telephone Numbers
- Filing a Complaint
- Stress Relief
- Glossary of Mortgage Terms
- Community Resources

HOW TO FIND & CONTACT YOUR LENDER OR LOAN SERVICER

(1) Don’t know who’s your lender/servicer?

Check your monthly mortgage billing statement.

Check your payment coupon book.

(2) Don’t know how to reach your lender/servicer?

Check your phone book.

Search on the Internet.

If you are having trouble finding a housing counseling agency, see Finding a HUD-Approved Housing Counseling Agency on page 16 for resource and contact information.

Use the Loan Servicer List on the following page.

(3) Does Fannie Mae or Freddie Mac Own Your Loan?

Find out at:
Fannie Mae - 1-800-7FANNIE (8am to 8pm EST) https://knowyouroptions.com/loanlookup
Freddie Mac - 1-800-FREDDIE (8am to 8pm EST) www.freddiemac.com/mymortgage
# Loan Servicer Telephone Numbers

Check your mortgage statement for contact information and have your account number ready. For an updated list, go to [http://www.hopenow.com/mortgage-directory.php](http://www.hopenow.com/mortgage-directory.php).

<table>
<thead>
<tr>
<th>Service</th>
<th>Phone Number</th>
<th>Website</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acqura Loan Services</td>
<td>866-660-5804</td>
<td><a href="http://www.acqura.net/">http://www.acqura.net/</a></td>
<td><a href="mailto:hopenowhelp@acquerals.com">hopenowhelp@acquerals.com</a></td>
</tr>
<tr>
<td>Avelo Mortgage</td>
<td>800-999-8501</td>
<td><a href="http://www.littonloan.com">www.littonloan.com</a></td>
<td></td>
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<tr>
<td>Bank of America</td>
<td>800-846-2222</td>
<td><a href="http://www.bankofamerica.com">www.bankofamerica.com</a></td>
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<tr>
<td>Carrington Mortgage Services, LLC</td>
<td>800-790-9502</td>
<td>myloan.carringtonms.com</td>
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<tr>
<td>First Horizon Home Loans</td>
<td>800-364-7662</td>
<td><a href="http://www.firsthorizon.com">www.firsthorizon.com</a></td>
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<tr>
<td>HSBC Finance-Beneficial</td>
<td>800-333-5848</td>
<td><a href="http://www.beneficial.com">www.beneficial.com</a></td>
<td></td>
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<tr>
<td>HSBC Finance-HFC</td>
<td>800-333-5848</td>
<td><a href="http://www.hf.com">www.hf.com</a></td>
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<tr>
<td>HSBC Mortgage Corporation</td>
<td>888-648-3124</td>
<td><a href="http://www.us.hsbc.com">www.us.hsbc.com</a></td>
<td></td>
</tr>
<tr>
<td>HSBC Mortgage Services</td>
<td>800-365-6730</td>
<td><a href="http://www.hsbcmortgageservices.com">www.hsbcmortgageservices.com</a></td>
<td></td>
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<tr>
<td>Litton Loan Servicing</td>
<td>800-999-8501</td>
<td><a href="http://www.ocwen.com/">www.ocwen.com/</a></td>
<td></td>
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<tr>
<td>LoanCare Servicing Center</td>
<td>800-909-9525</td>
<td><a href="http://www.myloancare.com/">www.myloancare.com/</a></td>
<td></td>
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<tr>
<td></td>
<td>800-274-6600</td>
<td><a href="mailto:customersupport@myloancare.com">customersupport@myloancare.com</a></td>
<td></td>
</tr>
<tr>
<td>MetLife Home Loans</td>
<td>888-638-6964</td>
<td><a href="http://www.metlifehomeloans.com">www.metlifehomeloans.com</a></td>
<td></td>
</tr>
<tr>
<td>Nationstar Mortgage, LLC</td>
<td>888-480-2432</td>
<td><a href="http://nationstarmtg.com">http://nationstarmtg.com</a></td>
<td></td>
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<td></td>
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<td>Email: <a href="mailto:customer.service@nationstarmail.com">customer.service@nationstarmail.com</a></td>
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<tr>
<td>Ocwen Loan Servicing, LLC</td>
<td>877-596-8580</td>
<td><a href="http://www.ocwencustomers.com">www.ocwencustomers.com</a></td>
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<tr>
<td>OneWest Bank</td>
<td>866-355-7273</td>
<td><a href="http://www.owb.com">www.owb.com</a></td>
<td></td>
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<tr>
<td>PNC Mortgage</td>
<td>800-523-8654</td>
<td><a href="http://www.pncmortgage.com">http://www.pncmortgage.com</a></td>
<td></td>
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<tr>
<td>Residential Credit Solutions</td>
<td>800-737-1192</td>
<td><a href="http://www.residentialcredit.com">www.residentialcredit.com</a></td>
<td></td>
</tr>
<tr>
<td>Select Portfolio Servicing, Inc.</td>
<td>800-258-8602</td>
<td><a href="https://www.spservicing.com/">https://www.spservicing.com/</a></td>
<td></td>
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<tr>
<td>Seterus</td>
<td>866-570-5277</td>
<td><a href="https://www.seterus.com/">https://www.seterus.com/</a></td>
<td></td>
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<tr>
<td>SunTrust Mortgage, Inc</td>
<td>800-443-1032,</td>
<td><a href="http://www.suntrustmortgage.com">www.suntrustmortgage.com</a></td>
<td></td>
</tr>
<tr>
<td>SunTrust Bank (Consumer Lending)</td>
<td>888-886-0696</td>
<td><a href="http://www.suntrust.com">www.suntrust.com</a></td>
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<tr>
<td></td>
<td></td>
<td>Email: <a href="mailto:equityhomeretention@suntrust.com">equityhomeretention@suntrust.com</a></td>
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<tr>
<td>SunTrust Mortgage Construction</td>
<td>877-657-8433</td>
<td><a href="http://www.suntrustmortgage.com">www.suntrustmortgage.com</a></td>
<td></td>
</tr>
<tr>
<td>Permanent Loans</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vericrest Financial</td>
<td>800-401-6587</td>
<td><a href="http://www.vericrestfinancial.com">www.vericrestfinancial.com</a></td>
<td></td>
</tr>
<tr>
<td>Wells Fargo Home Mortgage</td>
<td>866-488-2028</td>
<td><a href="http://www.wellsfargo.com">www.wellsfargo.com</a></td>
<td></td>
</tr>
</tbody>
</table>
FILING A COMPLAINT

You can file a complaint if you believe a bank or financial institution has been unfair or misleading, discriminated against you in lending, or violated a law or regulation.

To File a Complaint:

Federal Deposit Insurance Corporation, Consumer Response Center:
Hours of Operation: 8:00 a.m. to 8:00 p.m. Eastern Time M - F
Toll Free Number: 1-877-275-3342 (1-877-ASK-FDIC)
Mailing Address: Federal Deposit Insurance Corporation
Consumer Response Center
2345 Grand Boulevard, Suite 100
Kansas City, MO 64108-2638
http://www.fdic.gov/consumers/consumer/ccc/contact.html

For National Banks (i.e., Bank of America, Wells Fargo, US Bank, Chase, etc.):
Office of the Comptroller of the Currency

Federal Reserve Consumer Help: http://www.federalreserveconsumerhelp.gov/

For Federal Credit Unions:
National Credit Union Administration (NCUA)
http://www.mycreditunion.gov/help-with-my-credit-union/Pages/When-to-File-a-Complaint.aspx


Consumer Financial Protection Bureau: www.cfpb.gov
Hotline: 1-855-411-CFPB (2372)
STRESS RELIEF

Tips for restoring balance to your life when you are experiencing financial stress:

Suggestion # 1: Communication
• Communication – Talk to your friends, spouse, or someone you trust.
• It may help to include another person in your thinking or planning if it affects him or her.
• Keep a journal.

Suggestion # 2: Write
• Write stuff down; seeing information in written form can give you a fresh perspective.
• Make a list of positives in your life such as your family, health, etc.

Suggestion # 3: Organization
• Get organized and stay organized.
• Invest in files, folders, or large envelopes and label them.
• Once you have established a protocol for yourself, continue to follow it.

Suggestion # 4: Time
• Take time for yourself.
• It does not need to be expensive or time consuming.
• It can be as simple as relaxing with a good book.
• People with many other people dependent on them rarely have time alone. It is important for your mental health to relax, clear your mind, and recharge.

Suggestion # 5: Exercise
• Research has proven that exercise is a great tonic for stress.
• Reserve at least 10 minutes every day or every other day to walk, run, stretch, bike, or dance.

Suggestion # 6: You
• Take care of yourself by limiting alcohol intake.
• Take part in things you enjoy that are within your budget.
• Keep your doctors’ appointments and take any medications as prescribed.
• Get extra rest if possible.

Suggestion # 9: Shame
• This can be a very powerful, negative force – do not let it get the best of you.
• Recognize it and do not allow it to overcome you.

Suggestion # 10: Professional Help
• Seek professional help if you feel the need.
• Check your company’s Human Resource Department for a list of services or resources.
• Many employers provide employees with free or low costs access to professional counselors (possibly up to 10 sessions).
REACH OUT FOR HELP IF YOU ARE FEELING DOWN

Suicide Prevention Hotline

Crisis counselors are waiting for your call: 1-800-SUICIDE (1-800-784-2433) Toll-Free/ 24 hours/ 7 days a week or http://www.suicide.org/hotlines/washington-suicide-hotlines.html.

Why should I call the Lifeline? With Help Comes Hope.

From immediate suicidal crisis to information about mental health, crisis centers are equipped to take a wide range of calls. Some of the reasons to call 1-800-273-TALK are listed below.

• Call to speak with someone who cares
• Call if you feel you might be in danger of hurting yourself
• Call to find referrals to mental health services in your area
• Call to speak to a crisis worker about someone you’re concerned about

The National Suicide Prevention Lifeline is a 24-hour, toll-free suicide prevention service available to anyone in suicidal crisis. If you need help, please dial 1-800-273-TALK (8255). You will be routed to the closest possible crisis center in your area. With more than 130 crisis centers across the country, the service’s mission is to provide immediate assistance to anyone seeking mental health services. Call for yourself or for someone you care about. Your call is free and confidential.
GLOSSARY OF MORTGAGE TERMS

Accelerate – An option given to lenders through an “acceleration” clause in the mortgage or deed of trust requiring the borrower to pay the entire balance of the loan in full if his or her loan is in default.

Appraisal – An estimate of the value of a property.

Amortization – The gradual repayment of a mortgage loan with equal periodic payments of both principal and interest calculated to retire the loan at the end of a fixed period of time.

Appreciation – The difference between the increased value of the property and the original value when the property was purchased.

Annual Percentage Rate – The cost of your loan expressed as a yearly rate. Mortgages include interest, points, origination fees, and any mortgage insurance required by the lender.

Deed-in-Lieu of Foreclosure – A foreclosure alternative where the servicer allows the borrower to transfer ownership of the property (the deed) to the servicer if the home cannot be sold at market value. Second mortgage lienholders must be willing to waive their claims.

Deed of Trust – (DOT) The recorded document that shows the homeowner/borrower owes a principal balance to a financial institution for their home. The 3 parties included on this security instrument are the borrower, lender and trustee.

Default – A mortgage or deed of trust is said to be in default when the borrower fails to make the payments as agreed in the original promissory note.

Debt-to-Income Ratio – Expressed as a percentage, the “DTI” is calculated by dividing the total house payment plus all other debt that appears on a credit report by the gross monthly income.

Deferred Payments – Payments that the lender or mortgage servicer authorizes to be postponed in a loan workout.

Deficiency Judgment – A judgment against the borrower for the remaining balance on the loan after a foreclosure sale.

Delinquency – Borrower’s failure to make mortgage payments on time.

Equity – The net value of an asset, calculated by determining the difference between the present value of the property and the mortgage amount owed on that property.

Escrow Account – A segregated trust account in which escrow funds are held. This account is held by a lender for payments of taxes, insurance, or other periodic debts against real property. Part of the borrower’s monthly payment goes into this account so funds will be available to pay the taxes, insurance, and other impounded matters when due to avoid the need for the borrower to pay a big lump sum payment.

Fair Market Value – The price a property would sell for on the open market. (If you were to sell your home today, how much would it sell for?)

Forbearance – An agreement to suspend or reduce normal monthly payments for a fixed period of time. At the end of the forbearance period, the borrower must cure the delinquency through a lump sum payment or a long-term repayment plan.
Foreclosure – The legal process by which an owner’s right to a property is terminated when a lender or lienholder takes possession of the property, usually because of the owner’s default. Foreclosure can also occur if a homeowner fails to pay property taxes. At a foreclosure auction, the mortgage lender, through a company called a trustee, sells the property that secures a loan on which a borrower has defaulted. Ownership of the property is then transferred to the financial institution or purchaser of the property at the foreclosure auction. The institution then markets and lists the property for sale to recover the balance owed to it. In Washington, home foreclosures are usually non-judicial; however, on rare occasions, they are conducted as “judicial foreclosures.”

Foreclosure Auction or Sale - The auction or sale is a public sale in which the foreclosed property is sold to the highest bidder in order for the lender to recover some or all of the outstanding debt.

Free & Clear – Ownership of property free of all indebtedness. Zero balance owing on any loans or liens against the property.

Grace Period – The length of time between the due date and the date when late fees are assessed.

Good Faith Estimate – A written estimate of costs and fees associated with a mortgage loan.

Housing Ratio – The expected total monthly house payment divided by the gross monthly income and expressed as a percentage. The maximum percent of gross monthly income that can be used for a monthly mortgage payment.

Interest Rate – The percentage of a sum of money charged for its use.

Investor – The entity that owns the loan. Lenders often sell loans to investors after closing. Consequently, your investor may be a different entity than your servicer or the lender. The servicer must follow the investor’s guidelines for servicing the loan. An investor is any person or institution that invests in mortgages. The investor owns the loan and has the ultimate power to make decisions regarding work-out solutions.

Judicial Foreclosure – A foreclosure that is processed by a court action. This action is seldom used in Washington. (In Washington, home foreclosures are typically non-judicial deed of trust foreclosures.)

Lis Pendens – A recorded notice of pending lawsuit.

Lender – The initial entity that gave you the mortgage loan. It may not be the same entity to whom you send your monthly mortgage payments.

Loan Modification – A written agreement that permanently changes one or more of the original terms of the loan, such as the interest rate, payment amount, maturity date, or the amount of the unpaid principal balance. Typically, the arrearage (the amount of the delinquent debt plus fees) is added to the remaining balance of the loan and then the loan is re-amortized. Interest rate may be reduced or a portion of the remaining balance forgiven in order to make the loan affordable for the homeowners. Lenders may also consider converting mortgages from adjustable to fixed rate loans that will remain affordable for the homeowner.

Loan Servicer (or Servicer) - The entity to whom you send your monthly mortgage payments. The lender has contracted with the servicer to handle your loan after closing. The servicer is your contact for any issues you have with your mortgage loan. It also includes the receipt of payments, customer service, escrow administration, investor accounting, collections, and foreclosures. The servicer’s function is sometimes referred to “loan administration.” The loan servicer is often a different entity that the one the borrower obtained their loan from.
**Loan-to-Value Ratio** – The comparison of the amount of the loan to the value or selling price of real property expressed as a percentage. For example, if a home with a $100,000 value has an $80,000 mortgage on it, the loan to value is 80%.

**Loss Mitigation** – The department within the loan servicer’s company that operates to minimize the company’s losses on non-performing loans. This department works with homeowners to discuss workout plans and other solutions to defaults.

**Non-Judicial Foreclosure** – The non-judicial process of foreclosure can be used when the home loan is secured by a deed of trust (which is almost always the case for home loans made in Washington). When the non-judicial foreclosure process is used against residential property, the liability secured by the deed of trust in foreclosure is extinguished even if the house sells at the foreclosure sale for less than the amount of the debt. However, if there is another obligation secured by a junior deed of trust, the non-judicial foreclosure of the senior deed of trust extinguishes the junior deed of trust but it does not extinguish the unsecured liability on the obligation that was secured by the junior deed of trust. The timeframe from the service or posting of the Notice of Trustee’s Sale to the date of the foreclosure sale is at least 90 days.

**Mortgage Insurance** – Insurance protecting a lender against loss from a borrower’s default.

**Negative Amortization** – This occurs when there is a gradual increase in the mortgage loan balance because the monthly payment is not enough to cover the monthly principal and interest payments. The shortfall each month is added to the balance from the month before and the total amount owed to the lender increases as a result. Adjustable rate mortgages with payment caps and negative amortization are re-amortized at some point so that the remaining loan balance can be fully paid off during the term of the loan. This could result in a substantial increase in the borrower’s monthly payment.

**Notice of Trustee Sale** – A notice giving specific information about the loan in default and the foreclosure proceedings about to take place. In Washington, at least 90 days before the foreclosure sale, the Notice of Trustee’s Sale must be recorded in the county where the property is located, mailed, and served or posted.

**Partial Claim or Partial Release** – If your mortgage is insured by FHA, you may qualify for a low interest or interest-free loan to bring your loan current through the FHA. This loan would be repaid at a later date, usually when you pay off your first mortgage or sell your home.

**Postponement** – The trustee may postpone the sale to a later time, or another place, by giving notice of the new date, time and place by announcing it at the time and place the sale was previously scheduled to occur. The new date must be within 90 calendar days of the postponement. No other notice is required.

**Pre-Foreclosure Sale or Short Sale** – If you can no longer afford your home, this option involves selling your house for less than the secured debt to prevent foreclosure. If you owe more on the home than its current value, your lender may agree to accept less than what is owed on the mortgage. There may be income tax consequences with a short sale, so please talk to a qualified tax preparer and/or an attorney for more information before agreeing to a short sale.

**Pre-Payment Penalty** – Is a fee charged by a lender when a borrower pays off a mortgage loan in full or in part prior to the maturity date. Fees are generally only applicable within the first few years of the loan and will typically be assessed on prepayments of 20% of the loan balance or more.
Public Notice - Once a week for four consecutive weeks the notice must appear in a newspaper in the county where the property is located. The last notice must be published not less than 10 days prior to the sale date. A notice is to be posted at least 20 days before the date of sale in some conspicuous place on the property. Notice shall also be posted at least 20 days before the date of sale at the county superior court.

Refinance – Qualifying for a new mortgage to pay off an existing mortgage using the same property as collateral.

Reinstatement – When the borrower pays the full amount owing on the loan (past due monthly payments plus any fees) in a lump sum by a specific date.

Repayment Plan – An arrangement by which a borrower agrees to make additional payments to reduce the past due amounts while still making regularly scheduled payments.

Request for Notice – A recorded document requiring a trustee to send a copy of a Notice of Default or Notice of Sale concerning a specific deed of trust in foreclosure to the person who filed/recorded the document.

Second - If there are more than two secured home loans, the loan secured by a deed of trust or mortgage that is junior only to the senior deed of trust or mortgage, is frequently referred to as the “Second.” The non-judicial foreclosure on the “first” deed of trust extinguishes the “second” deed of trust, but does not extinguish the unsecured liability on the obligation secured by the “second” deed of trust.

Servicing - The administration of the loan by the servicer from the time you obtain your mortgage loan until it is paid off.

Short Refinance – The refinancing of a mortgage by a lender for a borrower currently in default on his or her payments. This is done to avoid foreclosure. Typically, the new loan amount is less than the existing outstanding loan amount and the difference is typically forgiven by the lender. This is one of several alternatives that might be more cost effective for the lender instead of foreclosing on the property.

Trustee – A neutral party who advertises the foreclosure property for sale and conducts the auction to sell the property to the highest bidder.

Trustee Sale – An auction of real property conducted by a trustee.

Work-Out – Process where a servicer and a borrower develop a mutually acceptable agreement to resolve a loan default and avoid foreclosure. Also sometimes called “restructure.”
COMMUNITY RESOURCES

Take advantage of organizations that can assist you. Seek personal support or get help managing your finances. No matter what situation you are in, you are not alone. These community resources can help you rebuild after foreclosure.

Credit, Debt, Housing Counseling

American Financial Solutions
2815 2nd Avenue, Suite 280, Seattle, WA 98121
Website: www.myfinancialgoals.org
Phone: Credit Counseling 888 864-8659
Housing Counseling 888 864-8699
Bankruptcy Counseling 800-894-7240
How we offer our help: Classes, One-on-One, Workshops
Help available in these areas: Pre &Post Bankruptcy, Basic Banking, Budgeting, Consumer Rights, Credit, Debt Assistance, Foreclosure Prevention & Mediation Assistance, Homeownership, Identity Theft, Savings, Managing Collection Accounts, Medical Debt, & ChexSystems

Apprisen
Offices: Redmond, Kennewick, Olympia, University Place, Yakima
Website: www.apprisen.com
Phone: 800-355-2227
How we offer our help: Classes, One-on-One
Help available in these areas: Bankruptcy, Basic Banking, Budgeting, Consumer Rights, Credit, Debt Management, Homeownership, Foreclosure Prevention & Mediation Assistance, Identity Theft, & Reverse Mortgages

Consumer Education and Training Services (CENTS)
1200 Fifth Avenue, Suite. 600, Seattle, WA 98101
Website: http://centsprogram.org/
Phone: 206-267-7017
How we offer our help: One-on-one, Workshops
Help available in these areas: Bankruptcy, Basic Banking, Budgeting, Consumer Rights, Credit, Debt, Identity Theft, & Savings

Centerstone
722 18th Avenue, Seattle, WA 98122
Website: www.center-stone.org
Phone: (206) 812-4940
How we offer our help: One-on-One, Coaching
Help available in these areas: Basic Banking, Budgeting, Consumer Rights, Credit, Identity Theft, & Savings, Medical Debt, & ChexSystems

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ClearPoint Credit Counseling Solutions
Seattle - 9725 3rd Avenue NE, Suite 400, Seattle, WA 98115
Tacoma/Lakewood - 10116 36th Avenue CT SW Suite 106, Lakewood, WA 98499
Website: www.clearpointcreditcounselingsolutions.org
Phone: 800-634-CCCS (800-634-2227)
How we offer our help: One-on-One, Workshops
Help available in these areas: Bankruptcy, Budgeting, Consumer Rights, Credit, Debt Assistance, Foreclosure Prevention & Mediation Assistance, Homeownership, & Identity Theft

El Centro de la Raza
Homeownership Center
2524 16th Ave S, Rm. 201, Seattle, WA 98144
Website: www.elcentrodelaraza.org
Phone: 206-957-4610
How we offer our help: Classes, One-on-One, Workshops
Help available in these areas: Basic Banking, Budgeting, Consumer Rights, Credit, Debt Management, Delinquency Prevention, Foreclosure Prevention & Mediation Assistance, Homeownership, Identity Theft, & Savings

HomeSight
5117 Rainier Ave S., Seattle, WA 98118
Website: www.homesightwa.org
Phone: 206-723-4355
How we offer our help: Classes, One-on-One, Workshops
Help available in these areas: Foreclosure Prevention & Mediation Assistance, Homeownership, Mortgage Lending

Hopelink
11011 120th Ave NE, Kirkland WA 98033
Website: www.hope-link.org
Phone: 425-889-7880
How we offer our help: Classes
Help available in these areas: Basic Banking, Budgeting, Consumer Rights, Credit, Identity Theft, & Savings

Interim Community Development Association
610 S. King St. Ste. 305, Seattle, WA 98104
Website: www.interimicda.org
Phone: 206-623-5132
How we offer our help: One-on-one
Help available in these areas: Basic Banking, Budgeting, Consumer Rights, Credit, Debt Assistance, Identity Theft, & Savings

Neighborhood House
4410 29th Ave. S., Seattle, WA 98104
Website: www.nhwa.org
Phone: 206-461-4568
How we offer our help: Classes, One-on-one
Help available in these areas: Basic Banking, Budgeting, Consumer Rights, Credit, Identity Theft, & Savings, & Self-Sufficiency

**Parkview Services**
17544 Midvale Avenue N, Suite Lower Level, Shoreline, WA 98133
Website: [www.parkviewservices.org](http://www.parkviewservices.org)
Phone: 206-542-6644
**How we offer our help:** Classes, One-on-One, Workshops

Help available in these areas: Basic Banking, Budgeting, Consumer Rights, Credit, Foreclosure Prevention & Mediation Assistance, Homeownership, Identity Theft, & Savings

**Seattle Goodwill**
1400 S Lane Street, Seattle, WA 98144
Website: [www.seattlegoodwill.org](http://www.seattlegoodwill.org)
Phone: (206) 860-5791
**How we offer our help:** Classes, One-on-one

Help available in these areas: Basic Banking, Budgeting, Credit, Youth Programs, Case Managements, & Employment Services

**Solid Ground**
1501 N 45th St., Seattle, WA 98103-6708
Website: [www.solid-ground.org](http://www.solid-ground.org)
Phone: 206-694-6700 | TTY: 7.1.1
**How we offer our help:** One-on-one, Workshops

Help available in these areas: Financial Planning, Money Management/Budgeting, Credit Counseling & Predatory Lending Prevention/Education, Shelter, Food, Transportation & Basic Services

**Urban League of Metropolitan Seattle**
105 14th Ave, Seattle, WA 98122
Website: [www.urbanleague.org/](http://www.urbanleague.org/)
Phone: 800-368-1455
**How we offer our help:** Classes, One-on-one, Workshops

Help available in these areas: Basic Banking, Budgeting, Consumer Rights, Expungement of Criminal Records, Credit, Debt Assistance, Foreclosure Prevention & Mediation Assistance, Homeownership, Identity Theft, & Savings

**Washington Department of Financial Institutions**
Website: [www.dfi.wa.gov/financial-education](http://www.dfi.wa.gov/financial-education)
Phone: 360-902-873; En Español at 888-976-4422
**How we offer our help:** Workshops

Help available in these areas: Basic Banking, Budgeting, Consumer Rights, Credit, Homeownership, Identity Theft, & Savings

**Washington Working Families Prosperity Center**
144 SW 153rd Street #103, Burien, WA 98166
Website: [www.prosperitycenterwa.org/](http://www.prosperitycenterwa.org/)
Phone: 206-497-0175
**How we offer our help:** One-on-one, Workshops

Help available in these areas: Basic Banking, Budgeting, Consumer Rights, Credit, Debt, Assistance, Foreclosure Prevention, Homeownership, Savings, & Starting a Business
White Center CDA
1615 SW Cambridge Street, Seattle, WA 98106
Website: www.wccda.org
Phone: 206-658-8344
How we offer our help: Classes, One-on-one
Help available in these areas: Foreclosure Prevention help; various trainings and classes on: Basic Banking, Budgeting, Consumer Rights, Credit, Debt Assistance, Identity Theft, & Savings

Financial Education for People with Disabilities

CARES of Washington
1833 N 105th Street, #201, Seattle, WA 98133
Website: www.caresofwa.org
Phone: 206-938-1253
How we offer our help: One-on-One, Workshops
Help available in these areas: Benefits Counseling, Banking, Budgeting, Credit, Debt Assistance, Savings, & Tax Assistance

Washington Access Fund
100 South King Street, Suite 280, Seattle, WA 98104
Website: www.washingtonaccessfund.org
Phone: 206-328-5116, Voice 877-428-5116 TTY 888-494-4775
How we offer our help: One-on-One, Workshops
Help available in these areas: Loans & IDAs for Assistive Technology; Loans & IDAs for Business Equipment for Employees & Entrepreneurs with Disabilities; & CCTV Rentals

Financial Education for Small Businesses and Self-Employed

Washington Community Alliance for Self-Help (C.A.S.H.)
2100 24th Avenue South, #380, Seattle, WA 98144
Website: www.washingtoncash.org
Phone: 206-352-1945
How we offer our help: Classes, Workshops
Help available in these areas: Starting a Business, Personal Finance, Credit, Business Finances, Access to Capital Products (loans &IDAs), & Business Consulting

StartZone
Highline Community College, 23835 Pacific Hwy S., Kent, WA 98032
Website: http://startzone.highline.edu/
Phone: 206-878-3710 X 3388
How we offer our help: Classes, Workshops
Help available in these areas: Technical Assistance, Business Feasibility, Business Planning, Loan Packaging, Marketing, Business Management, Networking, Mentoring, Peer Support, & Resource Referrals
Financial Education for Survivors of Domestic Violence

Jennifer Beach Foundation
P.O. Box 7036, Covington, WA 98042
Website: www.jnbeachfoundation.org
Phone: 253-833-5366
How we offer our help: Classes, Workshops, One-on-one
Help available in these areas: Basic Banking, Budgeting, Consumer Rights, Credit, Debt Assistance, Homeownership, Identity Theft, Savings, Starting a Business, Domestic Violence Advocacy and Economic Abuse.

YWCA—Economic Resilience Initiative
1010 S. 2nd St., Renton, WA 98057
Website: www.ywcaworks.org
Phone: 425-226-1266 x1036
How we offer our help: Classes, Workshops, One-on-one
Help available in these areas: Setting Financial Goals, Basic Banking, Budgeting, Consumer Rights, Credit, Debt Assistance, Identity Theft, Savings, Starting a Business, Domestic Violence, & Economic Abuse

Financial Education for Young Adults

YMCA Young Adult Services
2100 24th Ave S, Suite 250, Seattle, WA 98144
Website: www.ymcayas.org
Phone: 206-749-7540
How we offer our help: One-on-one, Workshops
Help available in these areas: Housing, Employment, Education, & Life Skills
MANAGING THE PAPERWORK

- Paperwork Check List
- Communication Log

PAPERWORK CHECK LIST

The following documents are usually necessary before you begin to work with a lender/servicer or a housing counseling agency:

Financial Information
- Hardship Letter - see Hardship Section
- Income Worksheet
- Expense Worksheet
- Asset Worksheet
- Pay Stubs for the last 30 days for each member of the household
- Award letter for Social Security/Unemployment/Pension Income
- Federal Tax Returns for at least two years
- Bank Statements (most current two months) for all accounts/assets
- Statements/bills for all household expenses

Loan Documents
- Promissory Note
- Mortgage
- Riders to the Note and Mortgage
- Truth in Lending (TIL) Form
- HUD 1 Settlement/Closing Statement
- Home Equity Loan/Line of Credit

Other
- A Release of Authorization letter
- ALL correspondence, letters (opened and unopened envelopes) from banks, courts or anyone regarding your home or the foreclosure
- Any Trustee Sale information from your mortgage company or its attorney
- Evidence of outstanding judgments and tax liens
“Stay On Top of It” Communication Log

It is important to keep track of all your conversations with your servicer and housing counselor. It is also very important to keep track of all the people working with you in addition to their phone numbers, important dates, and action steps. Below is a sample of the kinds of entries to make in your log. Attached to the log should be all of your documents including letters, loans, and notices.

- Whom did I talk to? When?
- What was discussed?
- What is their phone number?
- Their address?
- When will they call back?
- When am I supposed to call back?
- What notice did I receive and from whom?

Sample Notes for “Stay On Top of It” Log

- Example -

<table>
<thead>
<tr>
<th>Date</th>
<th>Name</th>
<th>Ph. Number</th>
<th>Notes about our conversation</th>
<th>Call Back (CB), Left Message (LM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>01/10/20xx</td>
<td>1-888-243-6666</td>
<td></td>
<td>Spoke with Katie @ Wilshire who requested a Hardship Letter from me. Fax to her @ 1-888-222-0000, then she will CB. If I don’t hear from her by 1/15/20xx, I will call her.</td>
<td></td>
</tr>
<tr>
<td>1/11/20xx</td>
<td></td>
<td></td>
<td>Sent Hardship Letter by Fax to Katie.</td>
<td></td>
</tr>
<tr>
<td>1/15/20xx</td>
<td>1-888-243-6666</td>
<td></td>
<td>LM with Katie to verify she received fax/hardship letter.</td>
<td></td>
</tr>
<tr>
<td>1/19/20xx</td>
<td></td>
<td></td>
<td>Katie called. Received letter. Now reviewing our file with her manager to decide next step. She will CB next week. Mark calendar to call Katie on 1/26/20xx if she has not called me.</td>
<td></td>
</tr>
<tr>
<td>1/27/20xx</td>
<td>1-888-243-6666</td>
<td></td>
<td>LM for Katie who has not called as promised. Asked her to call back.</td>
<td></td>
</tr>
<tr>
<td>1/28/20xx</td>
<td>1-888-456-7777</td>
<td></td>
<td>Marlon from National called to say their company took over our loan and that he will be my new contact. He has our hardship letter and will discuss with his manager next steps and promised to call back on Monday, Feb. 1st.</td>
<td></td>
</tr>
</tbody>
</table>
**“Stay On Top Of It” Communication Log**

Use this form to keep track of your communications.

<table>
<thead>
<tr>
<th>Date</th>
<th>Name Phone Number</th>
<th>Notes about our conversation Call Back (CB), Left Message (LM)</th>
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<tbody>
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Topic 9: Tenant Rights and Foreclosure

- Overview
- General Information for Tenants Living in Foreclosed Properties

**OVERVIEW**

The Protecting Tenants at Foreclosure Act of 2009

If a tenant is renting a home that was sold at a foreclosure sale after May 20, 2009, a new federal law, *The Protecting Tenants at Foreclosure Act of 2009, 12 U.S.C. 5220*, requires the new owner to notify the tenant at least 90 days before evicting the tenant. The tenant must still comply with the obligations of the lease or rental agreement during this time period. The federal law was amended in 2010 and extended through 2014.

Washington Foreclosure Law (RCW 62.24.143)

In addition to the new federal law, a new Washington State law, *RCW 61.24.143*, requires the foreclosing party (the lender or trustee that is foreclosing on the rental property) to send the tenant a written notice before the foreclosure sale. This written notice must explain that the home might be sold 90 days or more after the date of the notice. It must also tell the tenant that a person who buys the home at a foreclosure sale is required to provide at least 60 days’ notice before evicting the tenant. These are two distinct notice periods: the 90-day foreclosure notice informs the tenant that the home may be foreclosed and the date when the sale is scheduled; the 60-day eviction notice is given after the foreclosure sale and notifies the tenant of the date by which he or she must vacate the premises (or a judicial eviction case may be brought). The state law does not have a sunset provision.

- The state and federal laws operate concurrently: while the tenant will receive notification of the right to a 60-day notice to vacate under the new state law, purchasers of the property at the foreclosure sale will still be required to provide renters with a 90-day notice prior to eviction, because of the federal law. *This may seem confusing, but the important point is that, if the tenant continues to pay rent, the tenant is entitled to at least 90-days’ notice.*

- These are new laws and there are relatively few court cases interpreting them. This section is meant to give general information about these new laws. For specific circumstances, the tenant or advocate should review this information and consult a lawyer about specific questions pertaining to rights under the new federal and state laws protecting tenants living in foreclosed properties.
GENERAL INFORMATION FOR TENANTS LIVING IN FORECLOSED PROPERTIES

Where are the laws for tenants living in foreclosure properties?

- Another state law, RCW 61.24.146, requiring that, during the 60 day notice period, tenants can only be evicted for waste or nuisance, can be found at: [http://apps.leg.wa.gov/rcw/default.aspx?cite=61.24.146](http://apps.leg.wa.gov/rcw/default.aspx?cite=61.24.146)

Introduction

If you rent your home, and your home was sold at a foreclosure sale, the new owner must give you at least 60 days’ written notice to vacate before evicting you. Additionally, if you are a “bona fide” tenant, the new owner must give you at least 90 days’ written notice to vacate before evicting you and you may be able to stay until the end of your lease. You must still honor the obligations of your lease or rental agreement during this 90-day time period.

How do I know if I am a “bona fide” tenant?

To be considered a “bona fide” tenant entitled to protections under the federal Protecting Tenants At Foreclosure Act (PTFA):

1) You must not be the child, spouse or parent of the former owner; AND

2) The lease or tenancy must have been the result of an "arm's length transaction" (not a special deal between friends or family); AND

3) The rental amount must be at fair market rent, not at a discount, or the rent must be reduced due to a government program that subsidizes the rent.
I am a bona fide tenant. How much notice will I receive prior to eviction?

You are entitled to a written notice that gives you at least 90 days between the date you receive the notice to vacate and the date you need to move out.

I am not a bona fide tenant. How much notice will I receive prior to eviction?

Under Washington state law, you are entitled to a written notice giving you at least 60 days between the date you receive the notice to vacate and the date you need to move out.

How does the federal law affect me if I have a lease?

If you are a bona fide tenant under a lease entered into before the foreclosure sale and the new owner is not planning to move into the home, you can stay until your lease ends. If you are a bona fide tenant and the new owner is planning to move into the home, s/he must give you at least 90 days’ notice before evicting you.

What if I am renting month-to-month?

If you are renting month-to-month, or if you began your tenancy with a lease that has expired and you are now renting month–to-month, the new owner must give you at least 60 days’ notice, or 90 days’ notice if you are a bona fide tenant, before evicting you.

I am a bona fide tenant. I just got a notice that says I need to send documents to a law firm to qualify for the federal PTFA protections. What should I do?

If you are a bona fide tenant, you are entitled to a 90-day notice OR entitled to stay until the remainder of your lease term, even if you do not send the requested documents to the law firm that contacted you. However, it is still a good idea to notify the law firm that you are a bona fide tenant pursuant to the PTFA so they are aware you are entitled to the additional time in the home.

What if I am on Section 8?

If you are a Section 8 tenant, you have the same protections listed above:

- completion of your lease period and/or
- 90 days’ required notice before eviction

The new owner must also honor the terms of the Housing Assistance Payments (HAP) contract that accompanied your Section 8 tenancy. The new owner may not use the “other
good cause” clause of your HAP contract to terminate your lease if the "other good cause" is that evicting you will make the property easier to sell.

**I am not on Section 8, but my rent is reduced or subsidized by another program. Am I protected?**

If your rent is reduced or subsidized by a federal, state, or local subsidy program, you have the same protections as any other renter, including the right to a 90-day notice.

**I live in Seattle. Does the Just Cause Eviction Ordinance protect me?**

In Seattle, no landlord can evict a tenant for any reason other than those listed in the Ordinance. Purchasing property at a foreclosure sale is not listed as one of the reasons why an owner can evict a tenant so the Ordinance may protect you. If you live in Seattle and you are a tenant living in a property in foreclosure, get immediate legal advice.

**To whom do I pay rent after the foreclosure sale?**

Federal law says to pay rent to the new owner. If no one has given you payment information for the new owner, save the rent money until you find out how to make payment. Even if the new owner has not told you where to send the rent, they still have a right to collect it. If you are a bona fide tenant and you fail to pay your rent, federal law still requires the new landlord to give you at least 90 days’ notice prior to eviction.

Under Washington state law, a tenant living in a foreclosed property may get either a new rental agreement or a 60-day notice to vacate. If you enter into a new rental agreement with the new owner, then you will pay rent to the new owner. If you get a 60-day notice to vacate, the new landlord may only evict you in less than 60 days for waste or nuisance under state law.

There is no authority for a new owner to evict for other reasons, such as nonpayment of rent. If you are living in a property that was sold at foreclosure, and you have gotten a 60-day notice to vacate, get legal advice right away about your rights and responsibilities.

**Do I have to keep paying rent after I get my 90-day notice?**

The rent issue is complicated. If you are a bona fide tenant, federal law provides that your obligation to pay rent continues during the 90 days. But the new owner may decide to never demand or collect the rent, or may not even want to enter into a landlord-tenant relationship.

If you are a bona fide tenant and you want to stay for the 90-day period, you should keep paying rent to the new owner to avoid eviction. However, if the new owner seeks to evict
you for non-payment of rent, the new owner may still be required to give you a 90-day notice. If you receive a notice for nonpayment of rent, you should get legal advice immediately.

State law provides for a 60-day notice to vacate. During that period, a new owner may only evict a tenant if the tenant commits waste or nuisance — but NOT for non-payment of rent. You may decide to enter into a new rental agreement with the new owner of the foreclosed property. In that case, you would have to keep paying rent.

If you get a notice to vacate and you choose not to pay rent during the notice period, but do not move at the end of the 60 or 90 days, the new owner could sue you and force your eviction through the unlawful detainer process. If you are in this situation, get legal advice right away.

**How do I know if the person claiming to be the new owner of my home is actually entitled to collect rent?**

Scammers may get in touch with tenants living in foreclosed properties and demand rent. Before you pay rent to a person who claims to be the new owner, make sure that the person is the actual legal owner of the home and is entitled to collect the rent. First, ask the new owner for a copy of the Trustee’s Deed as proof of ownership. Then contact the County Auditor to make sure that the Trustee’s Deed is legitimate and not a forgery. Contact information for County Auditors in Washington State is at [http://publicrecords.onlinesearches.com/Washington-Land-Records-and-Deeds.htm](http://publicrecords.onlinesearches.com/Washington-Land-Records-and-Deeds.htm). A local title insurance company may also be able to give you that information.

**I paid my old landlord a deposit and/or last month's rent. What happens to that money after foreclosure?**

If the former owner did not refund your deposit or transfer it to a new owner after the sale, the old landlord is liable to you for up to twice the amount of your deposit, plus attorneys’ fees. You can file a case in small claims court against the former owner to get your deposit back.

Northwest Justice Project (NJP)’s video called *Where is My Security Deposit* and publication called *Can I Get My Security Deposit Back*, available at [www.washingtonlawhelp.org](http://www.washingtonlawhelp.org), explain in more detail how to get your deposit back and how to use Small Claims Court. (You can also call the CLEAR hotline at 1-888-201-1014 to ask for the publication.)
NOTE: Even if the old landlord has wrongfully kept your deposit, you may still have to pay a new deposit to the new owner anyway.

Before the foreclosure, I was paying rent to a property management company that worked for my old landlord. If I keep paying them, will they just send the rent to the new owner?

No. The property management company had a contract with your old landlord. That contract ended when the home was foreclosed.

Your old property manager may have contacted the new owner and established a new contract to continue managing your home. Confirm this before paying rent to your old property manager after a foreclosure.

My home needs repairs, or my utilities were shut off because the old landlord did not pay the bill. Who do I contact?

The new owner becomes the landlord for all purposes after the foreclosure sale. Problems with maintenance, repair, or utility service (assuming that the landlord was obligated to pay utilities) are the new owner’s obligation. Our publication called Tenants: What to do if Your Unit Needs Repairs has more information.

You may be able to keep your utilities on by contacting the utility company and paying some amount to the utility company directly to avoid shut off, even if the utilities are in the former owner’s name.

WARNING: If the utilities are not in your name, be very cautious about agreeing to put them in your own name. Find out from the utility company whether it could make you liable for any arrearage or amount that may accrue after you move out.

The new owner or foreclosing lender has offered me a one-time cash payment to vacate my home immediately. Should I take it?

This is up to you. Be aware of your right to 60 or 90 days in the home prior to eviction. If, for example, a new owner tells you that you have a choice between taking the cash and leaving...
now or being evicted with less than 60 or 90 days’ notice, you may have legal remedies against the new owner, because this is untrue. However, if taking a cash payment and leaving your home is in your best interest, you may wish to bargain for an acceptable amount of time and cash to move.

**The foreclosure sale happened. I just got a notice to vacate in 20 days, not 60 or 90 days. What are my rights?**

Regardless of that notice, you have an absolute right to at least 60 days’ notice. You have a right to at least 90 days’ notice if you are a bona fide tenant. If you want to stay in your home for the full 60 or 90 days, let the new owner know that you have this right and you plan to assert it. If the new owner refuses to comply with the law, get legal help.

The new owner may wish to enter into a new rental agreement with you. The new owner does not have to do so. You should only enter into a new rental agreement if it is in your best interest to do so.

Finally, you can simply move out. You do not have to stay in the property after the foreclosure sale. You should, however, remove all of your belongings and valuables when you move, so that the new owner does not take or destroy them.

**Who is not protected under the law?**

These protections are only available if the tenant is NOT the previous owner of the property whose interest was foreclosed (your former landlord). A former owner must vacate the property 20 days after the foreclosure sale or is subject to eviction. Additionally, a former owner is not entitled to post-sale notice of the eviction prior an unlawful detainer action.

**What if my landlord changes my locks or gets rid of my belongings?**

A landlord cannot simply change the locks or remove a tenant’s belongings. The landlord must seek a writ of restitution from a court, the writ of restitution must be granted by a judge, and the eviction must be conducted by the sheriff. Call the police if your landlord changes your locks or removes our belongings. You can also call the CLEAR hotline at 1-888-201-1014 to seek legal assistance.
APPENDIX:
EXAMPLES OF LOAN MODIFICATION DOCUMENTS


ACKNOWLEDGMENTS

The Seattle-King County Asset Building Collaborative Foreclosure Prevention Team (SKCABC) expresses deep gratitude to the Arizona Foreclosure Prevention Task Force and the Pima County Foreclosure Prevention Coalition for allowing us to adapt the Arizona Foreclosure Prevention Workbook for use in Washington State. This information will allow Washington residents experiencing mortgage difficulties to become better prepared when working with their lenders, servicers, and HUD-approved non-profit housing counseling agencies.

The SKCABC Foreclosure Prevention Team is comprised of numerous partner agencies from the Seattle-King County Asset Building Collaborative which have worked diligently to make this Resource Guide an effective tool for homeowners facing foreclosure in Washington State. Thank you to all members who have drafted, re-written, edited, and reviewed the many sections, but particularly to the Washington State Bar Association, Andrea Seymoure, and Seattle University Law student David Coombs, for taking the lead in the very complicated task of collecting, coordinating, preparing, and then updating this work for publication. SKCABC Foreclosure Prevention Team also would like to thank Apprised Financial Advocates, Washington Attorney General’s office, ClearPoint Credit Counseling Solutions, Columbia Legal Services, the Federal Deposit Insurance Corporation, Northwest Justice Project, Parkview Services, the City of Seattle, the Urban League of Metropolitan Seattle, the Washington Department of Financial Institutions, and the Washington Homeownership Resource Center, for their support and participation in the project.

DISCLAIMER

Unless otherwise specifically stated, the information contained herein is made available to the public by the Seattle-King County Asset Building Collaborative (SKCABC) Foreclosure Prevention Team for use as an example of the kinds of documents and advice one may receive in the process of negotiating with a mortgage company, HUD-approved non-profit housing counseling agency or any other party involved in the delinquency or foreclosure of one’s home. The intent of the workbook is to assist individuals in resolving or preventing their foreclosure crisis. Neither the SKCABC Foreclosure Prevention Team nor any other agency or entities involved in the development of this workbook, assumes any legal liability or responsibility for the accuracy, completeness, or usefulness of any information, product or process disclosed in these examples. Due diligence has been made to cite all sources used in the making of this workbook.

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