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Buying and Owning a Home
POST DISASTER CONTRACTOR TIP SHEET
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When a disaster strikes, homeowners have a number of issues to deal with. Their property value may have decreased, large repairs may be necessary and waiting for the insurance pay-out may slow down the process. It's important to remember, regardless of the condition of your home, you still are under contract to pay your monthly mortgage payment.

If the disaster impacted your financial situation beyond the necessary repairs to your house (your place of business is temporarily shut down, etc.) and you are having trouble paying your mortgage, it is important to contact your lender immediately.

Short-term Checklist:

- Call your lender or mortgage servicing company, explain your situation and if your home is in a FEMA disaster zone, be sure to tell them.
- Ask if your lender or mortgage servicing company has a disaster policy for homeowners, what it is and what you need to provide them to be eligible for participation.

Long-term Checklist:

- Find a reputable housing counselor to discuss options that can make your mortgage payments more manageable
- Talk to your lender or mortgage servicing company about what options they offer. Some examples include:
    - **Forbearance:** Your lender may offer a temporary reduction or suspension of your mortgage payments while you get back on your feet. Forbearance is often combined with a reinstatement or a repayment plan to pay off the missed or reduced mortgage payments.
    - **Loan modification:** This is a written agreement between you and your mortgage company that permanently changes one or more of the original terms of your note to make the payments more affordable.
    - **Reinstatement:** Your lender may agree to let you pay the total amount you are behind, in a lump sum payment and by a specific date. This is often combined with forbearance when you can show that funds from a bonus, tax refund, or other source will become available at a specific time in the future. Be aware that there may be late fees and other costs associated with a reinstatement plan.
    - **Repayment Plan**: This is an agreement that gives you a fixed amount of time to repay the amount you are behind by combining a portion of what is past due with your regular monthly payment. At the end of the repayment period you have gradually paid back the amount of your mortgage that was delinquent.
    - **Refinancing**: This allows you to refinance – at a lower rate or for a longer term, etc. – so that your mortgage is more manageable.

Avoiding Mortgage and Title Scams

If you are having financial trouble you may be a target for scam artists. Understand common scams to ensure you don't fall prey to them. Some title and mortgage scams include:

- An offer of fast cash in exchange for the title to your home.
- An offer of a loan for repairs with the transfer of your title as a requirement of the deal.
- An offer to assume your mortgage if you sign the title over so that you can live as a rent until you can afford to buy the house back.

Warning signals that you may be dealing with a disreputable individual or company include:

- Unsolicited offers whether door-to-door or over the phone.
- High pressure tactics to try to get you to sign any document right away.
- Refusal to put the agreement in writing.
- Advising you to make untrue statements to your lender or advising you not to contact them at all.
- Selecting a lender, attorney or other service provider for you rather than letting you choose your own.
- Asking you to sign a document with false statements or blanks.

In order to make sure you don't become a victim of fraud:

- Take your time, don't be pressured and read everything thoroughly.
- Bring a trusted family member or friend to review the documents with you. If you can afford a lawyer, it is a good idea to have one review the documents as well.
- If you transfer the title to your home be sure you are released from the mortgage obligation as well. Do not rely on someone's word that it "will be handled." Make sure you have the documents proving it has been.
- If you transfer the title to your home, only do so through a reputable title company.
- Get an independent appraisal of the value of your home so you know what your asset is worth before making any deals.
- Get copies of all promises in writing. Do not sign without getting a copy. Do not rely on someone to put a signed copy in the mail. Ask the person you are entering into a contract with to email you the documents so you can review them ahead of time.

When Keeping Your Home Isn't Possible

If you simply can no longer afford the mortgage payment and the situation does not seem to be temporary, it may make sense to sell your home. If you can not sell your home, talk to your lender about a deed in lieu of foreclosure. A deed-in-lieu is a cancellation of your mortgage if you voluntarily transfer title of your property to your mortgage company. Usually you must try to sell your home for its fair market value for at least 90 days before a mortgage company will consider this option. A deed-in-lieu may not be an option if there are other liens on the property, such as second mortgages, judgments from creditors, or tax liens. If you're lender agrees to a deed-in-lieu, be sure to have an attorney review the deed and agreement.