

FORECLOSURE

You can avoid it



*Steps you can take to
protect your home and
your credit*



Division of Finance and
Corporate Securities

Oregon Division of Finance and Corporate Securities

Our mission

To encourage a wide range of financial services, products, and information for Oregonians, delivered in a safe, sound, equitable, and fraud-free manner.

Contents

You can avoid foreclosure	3
Review your loan documents	3
Create a budget	4
Make sure you are paying your property taxes	4
Avoid unnecessary liens on your house	5
What and when it happens	6
New Oregon laws to help homeowners	7
What you can do if you face foreclosure	9
Forbearance or repayment plan	9
Mortgage loan modification	10
Partial claim	10
Pre-foreclosure or short sale	10
Deed-in-lieu of foreclosure	11
Fannie Mae and Freddie Mac rental programs ...	11
Potential tax consequences	11
Making Home Affordable Program	12
Other options	13
Beware of foreclosure scams	13
Resources	15
To check mortgage lender licenses/registrations	16
Glossary	18
Do's and Don'ts	21

*A step-by-step guide to apply for a loan modification can be found at www.foreclosurehelp.oregon.gov.

The information contained in this guide is intended for informational purposes only and does not constitute legal or professional advice. Seek the services of an attorney for your particular circumstances.

This agency does not endorse or recommend a particular counselor or mortgage lender. We recommend you contact the agencies listed in the resource section at the end of this guide to verify whether companies and organizations are licensed or registered.

Terms used in this guide in *bold italics* are in the Glossary on Page 18.

You can avoid foreclosure

Becoming a homeowner is a great accomplishment, but retaining that homeownership is just as important. Most people experience financial difficulties at some time, but if you're not careful, those difficulties could lead to foreclosure. Foreclosure is the legal means your lender can use to take your house if you are in default. Foreclosures can be initiated by anyone who has a lien on your house, including your lender or the county (if you don't pay your property taxes).

Foreclosure not only means losing your home, it can cause damage to your credit, making it difficult to buy a home in the near future.

However, you can avoid foreclosure. There are many things you can do after you sign your mortgage papers and move into your new home if you experience financial difficulties down the road. Following are some suggestions.

Review your loan documents

After you move into your new house, review your loan documents as soon as possible to make sure you know how your payments are credited and what rights or obligations you have if you start missing mortgage payments.



For example, your *Truth-in-Lending* disclosure and your *Note* contain information about your payment due dates and how to ensure your payments are posted on time. If your loan is going to be transferred or sold to another company — a common practice — the lender or the holder of your loan must notify you in writing of these changes so you know when and to whom you should send your payments. You were notified of the possibility for your loan to change hands in the *Servicing Disclosure* provided when you applied for your mortgage loan.

If you have problems with your payments being credited properly and cannot resolve them with your lender or *servicer* of your loan, contact the National Servicing Center if you have a loan insured by the Federal Housing Administration

(FHA), or send a separate *Qualified Written Request* to the servicer of your loan under the Real Estate Settlement Procedures Act (RESPA). See the resources section of this brochure for the websites containing this information.

Create a budget

You probably have heard the expression “too much month at the end of the money.” If this happens to you, you could miss mortgage payments and face foreclosure.

After you buy a house, carefully re-evaluate your financial situation and create a budget. Find out where your money goes and how you are spending it. Encourage the whole family to participate as you make the necessary cuts in your spending habits and prioritize your expenses. Create an emergency fund that would cover your living expenses for at least three months. Even if you have a fixed interest rate loan, your property taxes and your homeowners’ insurance are likely to adjust every year and you should be careful to budget for these. Some people use their income tax returns to open an account specifically for emergencies. If you are beginning to lose control over your finances, seek the help of a reputable nonprofit organization. The resources section includes a website link with a listing of government-approved nonprofit housing counseling organizations in different areas of the state.

Make sure you are paying your property taxes

If you do not pay your property taxes, your property may be subject to foreclosure.

TAXES

In Oregon, property taxes are due Nov. 15 of each year, but they can be paid in three installments: Nov. 15, Feb. 15, and May 15. Your property taxes are delinquent if you do not pay in full by May 15. Your property likely will be subject to foreclosure after three years of unpaid property taxes. You will be notified in your tax statements when your house will be subject to

foreclosure immediately after your first year of unpaid taxes.

Ask your lender if your mortgage payments include your property taxes and homeowners' insurance. Lenders will deposit a portion of your monthly payments into an *escrow account* to pay for these. You can also contact the county where your house is located to find out how you can determine by looking at your property tax statement whether you are responsible for paying your property taxes.

If you are disabled or a senior citizen, you may qualify for a property tax deferral. Qualifications for this program include a calculation of your annual household income and whether you live in the property. If you qualify for this loan and decide this program would work for you, the state will pay the county for your property taxes. It is an interest bearing loan that does not have to be paid back until you no longer live in the house.

For information about this process, additional requirements, and property tax information, contact the Department of Revenue or the county where your property is located. Contact information is in the resources section.

Avoid unnecessary liens on your house

You are responsible for all *liens* on your house. There cannot be any liens when you sell your house. Remember, a lien holder may start the foreclosure process on your property.

Voluntary and involuntary liens can be placed on your property. An example of a voluntary lien is your loan mortgage or any junior liens, such as equity loans or equity lines of credit, when you use your house as collateral. Usually, the lien recorded first would have priority to be paid first over subsequent liens.

An involuntary lien can be placed by the county where your house is located or the IRS if you have unpaid taxes. Contractors and subcontractors also can place a lien, commonly known as a *mechanic's lien*, on your house if they have not been paid for work they did on your property.

Mechanic's liens are governed by different laws than other liens. While contractors must give you a disclosure "Notice of Right to a Lien," try to resolve any discrepancies with your contractor to avoid a lien on your house.

Another example of an involuntary lien is a judgment against a property from a lawsuit where money is awarded to the person who filed the lawsuit.

What and when it happens

There are two types of foreclosure processes in Oregon — judicial and nonjudicial. The most used process in this state is nonjudicial, in which the document securing the loan is a "*Deed of Trust*." The parties involved in this model, in addition to the servicer, are the "beneficiary," which is the financial institution or investor you owe the money to; the "trustee," which is the neutral third party to whom you conveyed or "transferred" temporarily the title of your house to be held in trust until your loan is paid off; and you as a borrower or "grantor." This law applies to owner-occupied, one-to-four unit, single-family dwellings.

One of the most important components of the foreclosure process is the required procedures of notification and filing. For purposes of illustration, we will briefly discuss the nonjudicial process of foreclosure by "advertisement and sale," which will commonly start if you, the homeowner, are in *default* by not making your mortgage payments as agreed and they have been continuously late, usually for 90 days or more. After trying to contact you to bring your mortgage payments current, the financial institution collecting your payments will give instructions to the trustee to start the foreclosure process or, in lending jargon, "accelerate" the loan. First, the trustee will file a *Notification of Default* in the county records where the house is located. When the notice of default is recorded, the foreclosure process becomes public information and it will take approximately 120 days until the house is sold or transferred. Immediately after the filing of the Notification of Default, the trustee will send to you and all parties with an interest in the

property a *Notice of Trustee's Sale* or *Trustee's Notice of Sale*. This notification tells you the home is in the pre-foreclosure process, which would include the details of the scheduled auction such as the date, time, place of the auction, and the total amount owed.

You have the right to reinstate your loan by bringing your loan current, in addition to paying the late fees and the expenses to foreclose, but you should do this no later than five days before the sale (auction date) of the house.

At least 20 days before the sale of the property, the trustee should publicize for the last time the sale/auction in a local newspaper of general circulation in the county or counties where the property is located.

If after exhausting all your options you were not able to save your house and the house is transferred to a new owner or returned to the bank, and unless decides to postpone the sale, the trustee will conduct a *trustee's sale* at the place and time noted on the Trustee's Notice of Sale. Oregon law allows a postponement of the sale for up to 180 days. The postponement will be announced at the time and place of the scheduled sale date.

New Oregon laws to help homeowners

New laws require trustees to provide homeowners additional notifications. One is the **"NOTICE: YOU ARE IN DANGER OF LOSING YOUR PROPERTY IF YOU DO NOT TAKE ACTION IMMEDIATELY."** Trustees must provide this notification to the homeowner at the same time or before the required notification that the house is in pre-foreclosure. It also requires the lender or trustee to send you a form allowing you to request a meeting with your bank or its representatives to ask for a loan modification. The meeting can be in person or by phone and should be with someone who has the authority to negotiate with you a modification of some of the original loan terms. If you want to modify your loan, either contact your lender to set up a meeting or fill out the forms

provided. Make sure you include the **complete** and most recent information requested and send it back, preferably via certified mail, to the address provided no later than 30 days after the notice was sent to you.

If you sent all needed information, the lender or its representatives have 45 days to inform you if you qualify for a loan modification. The lender cannot foreclose on your home if it has not responded to you within the 45 days required by law. Also, **five** days before the auction date, the lender must file a document (affidavit) in the county where the house is located showing it followed the required process. You can contact the lender directly or seek the help of a government-approved nonprofit counseling agency, but the contact with your lender must be within the 30-day period. For a list of government-approved nonprofits in your area, call 800-723-3638 or 800-SAFENET or see the website link in the resources section.

The purpose of the “notice of home loss danger” is to promptly and clearly notify homeowners who occupy the property as their primary residence about the risk of losing their homes and, if possible, what they can do to try to save their homes. The notification also must include a toll-free number that homeowners can call for information about approved nonprofit organizations that provide foreclosure prevention counseling programs. The notice also includes contact information for the Oregon State Bar’s Lawyer Referral Service if you decide to hire a lawyer. Low-income homeowners can also ask for legal assistance. For information on foreclosure prevention counseling and legal assistance, see the resources section.

If you receive such notification, you have the option to seek help from an approved counselor or legal assistance in your area. Approved nonprofit counselors are trained to facilitate the interaction with lenders and, in many cases, increase the possibility in obtaining the best possible solution.

What you can do if you face foreclosure

If you do get behind on your mortgage payments, you may be able to keep your home and reduce the effect on your credit rating if you confront the problem early. The most common mistake people make when they get behind on their mortgage payments is to ignore the problem. Some people don't even open the foreclosure warnings their lender mails them.

If your goal is to save your house and your credit rating, contact your lender immediately and try to negotiate a solution. Lenders would prefer you pay the loan instead of foreclose your property because foreclosure can be a long and expensive process. Explain your willingness to commit to a payment plan until you are in a better position to resume your regular payments.

If you foresee temporary problems for reasons beyond your control, such as the loss of a job, medical emergency, or divorce, ask to speak with a staff person about a loss mitigation plan. Prepare a letter explaining your situation, the reason you are facing financial problems, and why you think it could improve.

If your lender allows for partial payments during this time, do so and maintain the records; this may help your chances of reaching an agreement with your lender.

Most lenders have options before pursuing foreclosure. In most cases, these options have been established with the investors who are the owners of your loan. Following are examples of those options:

► Forbearance or repayment plan

Ask your lender if you can reduce or suspend your monthly payments for a short time. This option may be available if, for example, you are expecting funds that would help bring your loan current or if there is a firm possibility your income will increase and your financial situation will improve. You will be asked to document these possibilities.

► **Mortgage loan modification**

With this option, you could request the lender change some of the original terms of the loan. This may include the extension of the payments for a longer period of time, or the interest can be changed to a lower rate or converted into a fixed rate to make your payments lower or more manageable. If approved, carefully review the documents before you sign them, so you understand the conditions.

Note: Be sure to find out if you qualify for a loan modification under the “Making Home Affordable Program.” For information, see Page 12.

► **Partial claim**

If you are paying mortgage insurance, the insurer of your loan may help by lending you money to pay for the late payments and late fees. Contact your lender or insurer to ask if you qualify, and how the assistance is to be repaid. FHA and VA loans have their own guidelines for help under this option.

► **Pre-foreclosure or short sale**

If you owe more than what your house is worth, the lender may allow you to sell the house and accept a lower amount than what you owe, before the house is foreclosed upon. Ask the lender if there will be a *deficiency judgment* — the amount uncovered after the sale of the house — filed against you for the difference. Ask for a written agreement clarifying the status of a deficiency, if any.

Oregon law imposes restrictions when a lender/servicer reports to the Internal Revenue Service that it canceled or forgave all or a portion of the debt as a result of a short sale. For more information, visit the *Oregon foreclosure laws and bills* website listed in the resources section starting on page 15.

A word of caution about companies or individuals offering short-sales services — Oregon law requires that an individual or company offering you help for this and other possible solutions to avoid foreclosure must be registered as a debt management services provider or as a licensed

loan originator. While licensed real estate brokers are exempted to help with short sale transactions, Oregon law imposes some restrictions about fees or commissions when listing the house for sale. Others offering to negotiate with lenders about possible solutions are limited in how much they can charge and other requirements they must meet. The Division of Finance and Corporate Securities' publication "Need help with your debt?" has more detailed information. Contact this agency to request a copy or visit its website listed in the resources section. Later in this publication is a brief description of some of the scams.

▶ **Deed-in-lieu of foreclosure**

After you exhausted unsuccessfully all the above options, you may be able to "give back" your house to the lender by surrendering the title of your house and avoid foreclosure.

Also, the lender may offer you money to move out of the house, commonly known as "cash-for-keys." Usually, the lender will expect you to leave the house in good condition. If you choose to accept this money, ask for a document about any present or future conditions for accepting the money.

Important: A loan modification or any one of the solutions above could lower your credit score.

▶ **Fannie Mae and Freddie Mac rental programs**

These agencies have rental programs available for homeowners whose loans are owned or insured by either agency and were not able to keep their houses as a result of foreclosure. Under certain conditions, these options would allow homeowners to remain in the house for an agreed upon period of time. For more information about these programs, visit the links in the resources section of this guide.

Potential tax consequences

If you have exhausted all of these options and your lender agrees to settle the debt before foreclosure or if the house is foreclosed upon, it is important to talk to a tax adviser. The Internal Revenue Service's

Publication 4681, has details about how these situations may affect your income taxes.

The “Mortgage Forgiveness Debt Relief Act” amends the Internal Revenue Code, providing more exclusions for some homeowners who lost their homes — if occupied as their primary residence — to foreclosure and the lender canceled or “forgave” a debt secured by the house. This temporary law can be applied for residential discharged debts for those homeowners who lost their homes to foreclosure or had an agreement with the lender about a forgiven amount from 2007 through 2012. See the resources section under “Cancellations of Debt.”

Making Home Affordable Program

The *Making Home Affordable Program*, an initiative that is part of the president’s economic stimulus plan, includes programs for homeowners who occupy their houses and use them as their primary residence. The *Home Affordable Modification Program (HAMP)*, the *Home Affordable Refinance Program (HARP)*, the *Home Affordable Foreclosure Alternative (HAFA)* and other relief programs have other conditions homeowners must meet to qualify.

Under the HAMP and HARP programs, and depending on your circumstances, you can request your lender refinance or modify your loan. Your lender is required to review your application for a loan modification or refinancing if your loan is insured or owned by Fannie Mae or Freddie Mac. See the resources section for information about how to find out if your loan is owned by one of these agencies. The Home Affordable Program website also offers an initial, basic questionnaire to help you determine if you qualify and a list of documents you should prepare and review, preferably in advance. Seek the help of an approved nonprofit counseling agency if you do not feel comfortable in completing this application documentation. Beware of fake and deceptive websites and companies or individuals offering help. **You should not have to pay for help or information to benefit from these and other legitimate programs..**

Other options

For homeowners age 62 or older, another option may be a loan program called reverse mortgage. The most common is the Home Equity Conversion Mortgage (HECM), administered by the Federal Housing Administration. This type of loan, unlike a regular mortgage, does not have to be paid back unless the house is no longer occupied as the primary residence or is sold. It is important that you seek counseling before obtaining this type of loan, because it may not be the type of loan you are interested in. See the resources section about how to find a HUD-approved nonprofit organization near you that offers counseling on a reverse mortgage.

Beware of foreclosure scams

Foreclosure scammers can cause you to lose your home and the equity you have built and cause additional damage to your credit. Find out if these companies or individuals are registered or licensed to offer their services in Oregon. This is true for in-state and out-of-state companies or individuals.

Many scammers contact homeowners offering to “save” their house. Information about your property is public record and accessible by anyone interested in obtaining it. In addition to the information recorded with the county when you bought your house, notifications of default filed by the lender or a lien holder, or if the house is subject to an auction or to be foreclosed, are all public record. Unscrupulous individuals can use this information to take advantage of homeowners in distress.

Some homeowners facing foreclosure may respond to ads offering to pay cash immediately for houses. Although this sounds like a quick solution, it may not be the right option if your ultimate goal is to keep your home. Be careful; many of these offers may also be scams.

The schemes vary depending on what the scammer is trying to obtain. For example:

- ▶ Scammers advertise their services to negotiate with the lender on the homeowner’s behalf to save the house. They often collect high upfront

fees, which is illegal in Oregon, ask to be paid in cash, and prohibit the homeowner from contacting the lender so the process will not be “disrupted.” Most scammers do very little or nothing to help consumers, and they often disappear with the money or no longer can be contacted. The most often abuse to homeowners is when they are looking for help to apply for loan modifications. They claim they have “secret techniques” or “strategies” to convince the lender to modify a loan.

- ▶ In other cases, scammers convince the homeowner to convey or give up the house’s title with the promise to return the house after it has been taken out of the foreclosure process. Scammers commonly pay the homeowner an amount significantly less than the home’s real value. In some cases, the deal includes a rental agreement where the homeowner pays rent, which can be more than the original mortgage payment. The homeowner is still responsible for the payment of taxes, insurance, and other obligations as if nothing has changed except for the ownership of the house. The scammer can evict the homeowner if he or she does not pay the rent.
- ▶ Some scammers claim to help homeowners save their house by refinancing the loan in default. They ask the homeowner to sign papers that appear to be refinancing or lease-to-buy agreements. But, in most cases, the documents give the scammer the title of the house.
- ▶ Other scammers ask for the mortgage payments to be sent to them instead of the lender, but they do not send the payments to the lender and disappear with all the money collected.

Remember, if you are a victim of a scammer, you may not be only paying them high upfront fees, but you are also exposing your financial information, often including Social Security numbers, bank accounts, and other sensitive information, which can lead to identity theft.

After verifying Oregon licensing requirements, carefully review all documents before signing them.

Resources

General information on property taxes:

Oregon counties:

<http://bluebook.state.or.us/local/counties/counties.htm>

Property tax deferral programs:

Department of Revenue

www.oregon.gov/DOR/SCD/index.shtml

503-378-4988

Real property foreclosure (unpaid property taxes):

http://www.oregon.gov/DOR/PTD/IC_310_671.shtml

Construction or “mechanic’s” liens:

Construction Contractors Board

<https://ccbed.ccb.state.or.us/WebPDF/CCB/Publications/information%20notice%20liens.pdf>

503-378-4621

Federal tax liens:

IRS

www.irs.gov/businesses/small/article/0,,id=108339,00.html#Notice

888-297-8685

Cancellations of Debt (COD):

Mortgage Forgiveness Debt Relief Act, IRS

www.irs.gov/newsroom/article/0,,id=174034,00.html

See also:

<http://www.irs.gov/pub/irs-pdf/p4681.pdf>

Mortgage servicing information:

Making sure your payments are properly credited

Federal Trade Commission

www.ftc.gov/bcp/edu/pubs/consumer/homes/real10.shtm

FHA loans:

Department of Housing and Urban Development (HUD) National Servicing Center

www.hud.gov/offices/hsg/sfh/nsc/nschome.cfm

888-297-8685

Nonprofit counseling agencies:

<http://www.cbs.state.or.us/dfcs/ml/foreclosure/counselors.html>

www.211info.org

800-SAFENET, 800-723-3638

National foreclosure hotline

888-995-HOPE, 888-995-4673

HOPE Loan Portal

www.hopeloanportal.org

Other housing services:

Housing Connections

www.housingconnections.org

Licensing and registration:

Registered debt management service providers

Oregon Division of Finance & Corporate Securities

http://www.dfcs.oregon.gov/debt_mgmt.html

Division of Finance & Corporate Securities Q&A

http://www.dfcs.oregon.gov/debt_mgmt/faq_consumers.html

Licensed mortgage companies and loan originators

www.NMLSconsumeraccess.org

Your rights when hiring for profit companies

Federal Trade Commission

<http://www.ftc.gov/opa/2010/11/mars.shtm>

Filing complaints:

Debt management companies, Oregon-licensed loan originators, and state-chartered financial institutions

Oregon Division of Finance & Corporate Securities

<http://www4.cbs.state.or.us/ex/dfcs/complaint/index.cfm?fuseaction=home.english>

866-814-9710

Foreclosure scams:

State Attorney General Office

<http://www.doj.state.or.us/finfraud/index.shtml>

E-mail: consumer.hotline@doj.state.or.us

877-877-9392

National banks:

Office of the Comptroller of the Currency
www.helpwithmybank.gov
800-613-6743

Federal savings and loan associations:

Office of Thrift Supervision
<http://www.ots.treas.gov/?p=ConsumerComplaintsInquiries>
800-842-6929

Federal credit unions:

National Credit Union Administration
<http://www.ncua.gov/Resources/ConsumerInformation/Complaints/index.aspx>

Consumer Financial Protection Bureau:

www.consumerfinance.gov

Federal Trade Commission:

<https://www.ftccomplaintassistant.gov>

Bank members of the Federal Reserve System:

Federal Reserve Board
<http://www.federalreserveconsumerhelp.gov/>
888-851-1920

Federally insured state banks not members of the Federal Reserve System

<https://www2.fdic.gov/starsmail/index.asp>
877-275-3342

Loan programs:

Making Home Affordable Program
<http://www.makinghomeaffordable.gov>

Oregon Homeownership Stabilization Program
<http://www.oregonhomeownerhelp.org/>

Reverse mortgages — FHA Home Equity Conversion Mortgage (HECM)

<http://www.hud.gov/offices/hsg/sfh/hecm/hecmhome.cfm>

To see if you have a FannieMae loan

<http://loanlookup.fanniemae.com/loanlookup>
1-800-7FANNIE

To see if you have a FreddieMac loan
<http://ww3.freddiemac.com/corporate>
1-800-FREDDIE

Fannie Mae — Deed for Lease program
<https://www.efanniemae.com/sf/servicing/d4l/pdf/d4lborrowerinstructions.pdf>

Freddie Mac — REO Rental Initiative
http://www.freddiemac.com/homeownership/after_foreclosure

Oregon foreclosure laws and bills:

<http://www.foreclosurehelp.oregon.gov/DCBS/foreclosurehelp/laws.shtml>

Glossary

Deed of trust/Trust deed (security instrument)

In Oregon, a debt is often secured by a deed of trust rather than a mortgage, which means there is a neutral third party called a trustee. If the borrower does not make the mortgage payments, the lender will instruct the trustee to sell the property to pay off the debt. (ORS 86.705)

Default

In the foreclosure process, a default is defined as a failure to meet one or more of the terms of the mutually agreed upon contract when the mortgage loan was obtained.

Deficiency judgment or deficiency claim

Lenders may pursue to collect from borrowers the amount uncovered after the sale of the house, if the proceeds of the sale were not sufficient to cover to payoff the total mortgage debt. Oregon law does not allow deficiency judgments if the house or dwelling, including other conditions, was occupied as a primary residence by the borrower and a sale took place. (ORS 86.770)

Escrow account

A type of account administered by the lender/servicer into which borrower's funds are deposited to pay for property taxes, insurance premiums, and, in some cases, homeowners' association dues.

Oregon law allows lenders to collect enough funds for property tax reserves for two additional months over the actual amount needed. (ORS 86.240)

Judicial vs. nonjudicial foreclosure

A judicial foreclosure means the process of taking the house would go to a judge as a lawsuit against the homeowner. A nonjudicial foreclosure does not go to court and is not heard by a judge. If your “deed of trust” document has a power-of-sale clause, the trustee representing the lender can initiate a nonjudicial process in a foreclosure by advertisement and sale process. (ORS 86.735)

Lien

A hold or claim placed on property to secure payment of a debt or other obligation. (ORS Chapter 87)

Mechanic’s or construction lien

This type of lien can be placed by anyone who made an improvement or provided materials for your house. Subcontractors or laborers can place a lien on your house as well. Contact the Construction Contractors Board to learn about your rights. (ORS 87.001 to 87.060) and (87.075 to 87.093)

Note or Promissory note

This document, which you should have received when you closed your loan, has the details and conditions under which you borrowed the money to buy your house. The note includes, but is not limited to, the amount of money you borrowed, the interest rate, the amount of your payments, when they are due, the grace period, and late fees.

Notification of default

A notification filed by the trustee in the county or counties where the house is located, following instructions from the lender/servicer after unsuccessfully tried to collect the monthly mortgage payments due. (ORS 86.735(3))

Notice of Trustee Sale

Also known as Trustee’s Notice of Sale, it is the official notification to the homeowner that the lender chose to initiate the foreclosure process. Oregon requires additional forms to be sent as warning of the risk of losing the home. (ORS 86.740)

Qualified written request

Section 6 of the Real Estate Procedures Act (RESPA) gives borrowers the right to file a complaint by sending a written request to the servicer to obtain specific information about the servicing of their loan which includes payment information. Servicers are required to acknowledge the request within 20 business days and must try to resolve the issue within 60 business days.

Servicer

A lender, mortgage company, or similar financial institution in charge of collecting and recording mortgage payments, negotiating possible solutions to foreclosure, or supervising a foreclosure process in case the borrower defaults on the loan or loans secured by the property.

Servicing disclosure

A required notification provided by your lender or the holder of your loan within three days after applying for a mortgage loan. It will notify you of your rights and other important information when your loan is sold or transferred. The notification will give you contact information, including a toll-free number, if you have questions when your loan has been sold or transferred to another institution. This disclosure also includes information about what to expect if you file a complaint or dispute with the company holding your loan.

Truth-in-lending disclosure

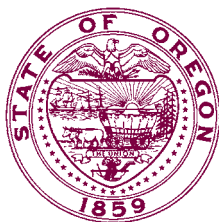
A document you should also have received from your lender within three business days after you applied for a mortgage loan. In it you will find, among other clauses, when your payments are due; a grace period, if any, for late payment charges; if your loan is assumable or transferable to another borrower; and if your loan has a pre-payment penalty.

Do's

- ▶ Establish an emergency fund of at least three months' worth of living expenses.
- ▶ Make sure your payments are credited/posted properly. Review your statements when you receive them.
- ▶ Contact your lender as soon as you foresee difficulties in making your loan payments.
- ▶ If you are seeking help from a for-profit company or individual, make sure they are registered or licensed in Oregon.
- ▶ Explain your situation. Ask your lender/servicer for a forbearance and a loan workout plan.
- ▶ If you are unable to resume your monthly payments, ask the lender for time to sell your home to pay off the mortgage balance.
- ▶ If your lender forecloses on your house, talk to a tax adviser. The foreclosure may affect your tax filings if the house sells for less than the amount you owe on your mortgage.

Don'ts

- ▶ Don't overuse your equity to consolidate other debt.
- ▶ Don't ignore late payments notifications from your lender.
- ▶ Don't respond to offers in the mail or media offering good deals to refinance.
- ▶ Don't give direct access to your bank accounts or give your personal identification number.
- ▶ *Don't sign any documents you don't understand!*
- ▶ Don't respond to offers to "save" your house.
- ▶ Don't give away the title of your house without first consulting with an attorney.



Oregon Department of
Consumer and Business Services

Division of Finance and Corporate Securities

350 Winter St. NE, Room 410

P.O. Box 14480

Salem, OR 97309-0405

Toll-free: 866-814-9710

DFCS: dfcs.oregon.gov

Foreclosure: www.foreclosurehelp.oregon.gov