

## Beware of Scams & Mortgage Fraud

Homeowners desperately trying to avoid foreclosure are targets of common scams.

### **“Foreclosure Prevention Specialist” Scam:**

These scams involved someone taking fees up front to negotiate with your lender and “save your home.”

### **”Lease/Buy Back” Scam:**

Homeowner is tricked into signing over the deed to the home based on promises that they will be able to remain in the home as a renter and buy the home back later. Generally, the terms of the lease are so difficult that homeowners are rarely, if ever, able to repurchase their homes.

### **“Bait and Switch” Scam:**

Homeowner is tricked into signing over the deed to the home because scammers convince the owner that they are only entering into a new mortgage agreement. Many end up being evicted from a home they had owned and lived in for years.

## The Best Way to Avoid Scams

**NEVER** pay anyone a fee in exchange for help working with your lender!

**ALWAYS** contact a HUD or MSHDA certified housing counselor for highly qualified free help!

**ALWAYS** contact your local Legal Services office for free legal aid!

## To Register Scam Complaints

Foreclosure scam complaints can be directed to the Michigan Attorney General online at [www.michigan.gov/ag](http://www.michigan.gov/ag) or by calling 1-877-765-8388.

Complaints regarding a licensed mortgage broker or lender should be directed to the Office of Financial and Insurance Services online at [www.michigab.gov/ofis](http://www.michigab.gov/ofis) or by calling 1-877-999-6422.

## More Foreclosure-Related Resources

### Local:

[www.caajlh.org](http://www.caajlh.org)  
[www.jacksonaffordablehousing.org](http://www.jacksonaffordablehousing.org)  
[www.greenpath.org](http://www.greenpath.org)

### State:

[www.michigan.gov/mshda](http://www.michigan.gov/mshda)  
[www.cedam.org](http://www.cedam.org)  
[www.miforeclosure.mplp.org](http://www.miforeclosure.mplp.org)

### National:

[www.ftc.gov/credit](http://www.ftc.gov/credit)  
[www.hud.gov/foreclosure/index.cfm](http://www.hud.gov/foreclosure/index.cfm)  
[www.foreclosure-response.org](http://www.foreclosure-response.org)  
[www.makinghomeaffordable.gov](http://www.makinghomeaffordable.gov)

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Michigan Save The Dream Program  
(866) 946-7432

U.S. Dept. of Housing & Urban Development  
Housing Counseling & Referral line  
(800) 569-4287

United Way 2-1-1

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## Tax Foreclosure Prevention

Mortgage foreclosure and tax foreclosure are different, have different timelines, laws and processes but both can result in losing your home. If you are having trouble paying your property taxes, contact your county treasurer to find out what resources are available to help you avoid tax foreclosure.

Jackson County Treasurer  
Karen Coffman  
(517) 788-4418

Lenawee County Treasurer  
Marilyn Woods  
(517) 264-4554

Hillsdale County Treasurer  
Gary Leininger  
(517) 437-4700



**COMMUNITY  
FORECLOSURE COALITION**

JACKSON, LENAWEE & HILLSDALE

[www.communityforeclosurecoalition.org](http://www.communityforeclosurecoalition.org)

## **AVOIDING FORECLOSURE**

### *A Guide for Homeowners*

### **FREE**

### **HUD and MSHDA Certified Counselors**

#### **Jackson County**

Community Action Agency (800) 491-0004  
Jackson Affordable Housing (517) 788-4626

#### **Lenawee County**

Community Action Agency (800) 438-1845

#### **Hillsdale County**

Community Action Agency (800) 750-9300



FOUNDING PARTNER



## You need to....

### Mortgage Foreclosure Prevention

If you are having trouble paying your mortgage, free help is available. Recently passed Michigan law requires your lender or the lender's legal representative to work with you to avoid foreclosure. There are free highly qualified HUD and MSHDA certified Foreclosure specialists right here in the local area who can help. They will:

- Help you assemble the information and complete the paperwork you will need in order to work with your lender on avoiding foreclosure.
- Refer you to a free Legal Services Attorney if you or they suspect you have been legally wronged.
- Explain the various foreclosure prevention options available to you.
- Conduct a confidential assessment of your financial situation, analyzing your income and expenses to determine which foreclosure prevention options would best meet your needs.
- Call your lender on your behalf to discuss possible workout options.
- Assess your eligibility for federal and state foreclosure prevention programs
- Guide you to community resources available to you during this tough time.

#### 1. Open all mail from your lender.

Michigan law requires your lender to send you a notice in the mail stating your right to work with your lender and a HUD or MSHDA certified Housing counselor.

#### 2. Call a free certified, non-profit housing counselor as soon as you receive this notice.

You will have 14 days from the date the notice was mailed to contact a housing counselor and your lender (where you send your monthly mortgage payment).

3. Once you've contacted a housing counselor, you will have 90 days to work with your lender to work out an agreement on your loan. There is no guarantee that you will be able to work something out with your lender to keep your home, but working with a free certified counselor offers you the best chance. Even if you can't stay in your home, you still have options to avoid foreclosure and its negative effects on your credit and your future.

4. Continue to maintain your home by mowing the lawn, shoveling snow, paying utility bills, etc. A nicely kept home can get a better sale price or better appraisal for a mortgage refinance which is to everyone's advantage.

### Foreclosure Prevention Options

**Repayment Plan:** Your lender may give you a fixed amount of time to repay the amount you are behind, plus any late fees, by adding a portion to your regular monthly payment. This is a good option if you only missed a few payments.

**Forbearance:** Your lender may agree to suspend your payments for a period of time. At the end of this time, you will resume your regular monthly payments, and you may be required to either make one lump sum payment or additional partial payments. This may be a good option if you have a temporary reduction in income.

**Loan Modification:** Your lender may agree to reduce your interest rate, extend the term of the loan, or add missed payments to the loan balance.,

**Short Sale:** Your lender may allow you to sell your home for less than you owe on your mortgage and agree to forgive any shortfall between the sale price and the mortgage balance. You still may face a tax liability on the amount of debt forgiven.

**Deed in Lieu of Foreclosure:** You voluntarily transfer title to the lender in exchange for cancellation of the remainder of your debt, but you will lose any equity in the home and may have to pay taxes on the debt forgiven.

### Mortgage Foreclosure Process Timeline

1. Your mortgage is due on the 1st of the month. If you do not pay by the 30th, the loan is in default. When a loan is 60 days past due, your lender warns you that foreclosure is the next step.
2. After 90 days, foreclosure begins.
3. Your lender advertises the property for sale by auction for four weeks in a row.
4. A Sheriff's sale is held on the published date.
5. You have at least 6 months to get the property back. You have three options at this time: get a new mortgage; sell the property; or live in the home for free until the end of the redemption period.
6. Don't let anyone pressure you into leaving the property before the end of the redemption period! If the property has been "abandoned" the owner can ask the court to reduce the redemption period to 30 days!