



The **Foreclosure** Survival Guide

It's a national crisis:
Could you be at risk of
losing your home?



FEDERAL RESERVE BANK *of* ST. LOUIS
CENTRAL to AMERICA'S ECONOMY™

Millions of mortgages written in the last few years have ended in foreclosure. The first wave hit about a year ago, and in the next few months, we'll see many more. Find out if you're at risk, and where to find help.

Who should worry?

You should be concerned if you're having trouble making your mortgage payments, for whatever reason. You may be dealing with illness or unemployment, instead of the kinds of loans that sparked the current crisis. If you've missed mortgage payments or are struggling to pay your mortgage for any reason, seek help.

Even if you're not struggling now, you could face a problem in the future.

Reasons to worry

ARMs: You should worry if you have an adjustable rate mortgage (ARM) about to "reset" to a much higher rate. Not long ago, when the housing market was strong, mortgage companies and brokers aggressively marketed these loans with low teaser rates to moderate-income people, encouraging them to buy more home than they could afford. Many of these homebuyers thought that once the loan rates were reset, they would be able to refinance their homes and still afford the payments. But then the housing market weakened, and refinancing became difficult.

Creative financing: You should worry if you have a decent income and good credit and were offered creative financing—such as Option ARMs, 80/20 loans or interest-only loans—to encourage you to buy more home than you could afford. Many homeowners took loans that stretched their resources, and they could be facing trouble soon.

DO: Look at your loan documents. Even if you think you know the terms of your loan, it's worth a review. Many people who think they have a fixed-rate mortgage (one in which the interest rate doesn't change) have been surprised to find out that they don't.

Find an interest-rate explanation.

You'll want to check whether that rate is fixed for 15 or 30 years or set to change after a much shorter period. Some loans have fixed rates for a limited period, then adjust to higher payments.

Is it too late to avoid foreclosure?

It depends. If you are more than 60 days late on your mortgage, you will get—or may already have gotten—a letter from your loan servicer, the company that collects your mortgage payments for your lender. The most important thing to do is open that letter, and take action.

That letter may include a phone number to call for help or a list of housing counselors. If you have thrown these letters away, or misplaced them, call one of the numbers in the help list in this brochure.

DO: Open that letter from your loan servicer! It's important to take action as soon as possible. Call for an appointment right now.

How quickly can I get help?

Usually, you can get an appointment with a counselor right away. But a lot of people need help, so if you can't get an appointment right away, try another agency. The options available for help, and how long each takes, depend on the kind of loan you have and your circumstances.

Bottom line: In most cases, you probably won't be forced out of your house for a while. But it's important to act quickly so the situation doesn't get any worse. The longer you wait, the harder and costlier the problem gets.

How can counseling help?

A housing counseling or credit counseling agency will review your case and contact your lending institution. The counselors will work on your behalf and will know about options that might benefit you. For example, they might work with your lender to get you more time to pay, or work out a plan for you to catch up, or renegotiate the original terms of your mortgage. They may be able to get your bank to agree to take your home without going through the process of foreclosure or a sheriff's sale.

Counselors also may be able to help you address your problem and minimize the damage to your credit report.

Will a counselor be able to save my house?

Not always. For example, a borrower's income may not be high enough to support payments on the house. In other cases, homeowners owe more than their house is worth, which makes it difficult for them to correct their situation by getting a new loan at a lower interest rate. But sometimes, even difficult situations like these can be resolved. The best way to find out is to call for an appointment right away. The longer you wait, the harder it is to resolve the problem.

Here is a sample of a letter sent by a bank if you are behind in your mortgage

AVOID THESE PITFALLS

Don't: Assume that ads or Internet offers for foreclosure relief are legitimate. These are often companies that take your money and disappear. Many make a point to sound friendly and understanding and make tempting claims, like "credit scores don't matter" and "we'll save your house and cut your payments in half." Some scour public records and send out letters to those facing foreclosures. Be suspicious. The best call you can make for legitimate help, besides the agencies listed in this brochure, is the Department of Housing and Urban Development (HUD), 1-800-569-4287.

Don't: Assume that you have a fixed-rate mortgage. Check your original documents.

Don't: Hand over cash to anyone without talking with a HUD-approved agency.

Get help if...

- You don't understand your loan documents;
- Your mortgage payment has suddenly increased dramatically;
- You have a fixed-rate mortgage and have missed one or more payments;
- You have refinanced your original mortgage at a much higher rate.

DO: Call a credit or housing counselor and make an appointment. The counselor can explain the terms of your loan, can help you figure out if your ARM can be changed to a fixed-rate mortgage, and can help with other mortgage issues.

March 26, 2008



WE ARE A DEBT COLLECTOR. THIS IS AN ATTEMPT TO COLLECT A DEBT, AND ANY INFORMATION OBTAINED WILL BE USED FOR THAT PURPOSE. WE MAY REPORT/HAVE REPORTED INFORMATION ABOUT YOUR ACCOUNT TO CREDIT BUREAUS. LATE PAYMENTS, MISSED PAYMENTS, OR OTHER DEFAULTS ON YOUR ACCOUNT MAY BE REFLECTED IN YOUR CREDIT REPORT.

RE: Loan Number [REDACTED]

Dear Valued Customer(s): [REDACTED]

You are hereby notified that our records reflect that the installments under the above referenced loan were not paid when due. The failure to pay delinquent monthly installments constitutes a breach of the loan obligation. Failure to cure the referenced breach will result in further collection activity, which may lead to a commencement of foreclosure.

If you are unable to pay the past due installments, there may be options available to bring your loan current. You may also be eligible for home ownership counseling under the Housing and Community Development Act of 1987. You may contact HUD directly at 1-800-569-4287. You are also notified that a negative credit report reflecting on your credit record may be submitted to a credit reporting agency.

In accordance with our servicing requirements, periodic external property inspections may be initiated unless payment is received. You will be billed for each property inspection ordered. Securing fees may also be assessed if the property is vacant and/or unsecured.

Please forward the total amount due to: [REDACTED]

If you have any questions regarding this notice, or if your records reflect a different payment status than ours, we urge you to call us at 1-888-[REDACTED]

Please review the debt validation notice enclosed
Collections Department
[REDACTED]

EMERGENCY HOTLINES

HOPE hotline:

1-888-995-HOPE
(This national hotline may have a high volume of calls. Be persistent.)

HUD: 1-800-569-4287 will help you find an approved housing counselor. Or you can visit www.hud.gov/offices/hsg/sfh/hcc/hcc_home.cfm.

WHERE TO GET HELP

HOPE Hotline: 1-888-995-HOPE

You may call the national hotline

or one of the numbers on this select list of agencies in the states served by the Federal Reserve Bank of St. Louis.

Call today, and don't be discouraged if you can't reach someone right away. Be persistent, and get help as soon as you can.

ARKANSAS

Credit Counseling of Arkansas

1111 E. Zion Rd
Fayetteville, AR 72703
479-521-8877
1-800-889-4916
ccoa@ccoacares.com
www.ccoacares.com

Family Services Agency, Consumer Credit Counseling Service

740 S. Salem Road, Suite 104
Conway, AR 72032
501-450-9399
1-800-255-2227
wcohns@fsainc.org
www.helpingfamilies.org

Southern Good Faith Fund

2304 W. 29th Ave.
Pine Bluff, AR 71603
870-535-6233
aduran@southernngff.org
www.goodfaithfund.org

ILLINOIS

Beyond Housing Illinois Homeownership Center

2 Park Place
Swansea, IL 62226
618-233-4990
www.beyondhousing.org

Western Egyptian Economic Opportunity Council

1130 N. Sparta
Steeleville, IL 62288
618-965-3193
www.weecoc.org/Homebuy/homebuyer.htm

INDIANA

Indiana Statewide Foreclosure Hotline

1-877-GET-HOPE
www.877gethope.org

HOPE of Evansville

608 Cherry St.
Evansville, IN 47713
812-423-3169
www.hopein.com

Community Action Program of Evansville

27 Pasco Ave.
Evansville, IN 47713
812-425-4241
www.capeevansville.org

Housing Partnership Inc. (See Kentucky listing.)

KENTUCKY

Don't Borrow Trouble

1-866-830-7868
www.dontborrowtrouble.com

Louisville Metro

Dial 2-1-1
www.louisvilleky.gov/foreclosure

Housing Partnership Inc.

333 Guthrie Green, Suite 404
Louisville, KY 40202
502-585-5451
www.housingpartnershipinc.org

Louisville Urban League

1535 W. Broadway
Louisville, KY 40203
502-561-6830
www.lul.org

Legal Aid Society

416 W. Muhammad Ali Blvd., Suite 300
Louisville, KY 40202
502-584-1254
1-800-292-1862
www.laslou.org

TENNESSEE

Memphis Housing Counseling Network

1548 Poplar
Memphis, TN 38104
901-725-8361
http://memphis.earnbenefits.org/mhcn

Affordable Housing CDC

206 E. Main St.
Jackson, TN 38301
731-422-1366
www.affordablehousing.tn.org

Jackson Housing Authority

125 Preston St.
Jackson, TN 38301
731-422-1671

West TN Legal Services

P.O. Box 2066
Jackson, TN 38302
731-423-0616
www.wtlls.org

MISSISSIPPI

Enterprise Corporation of the Delta/HOPE Community Credit Union

4 Old River Place
Jackson, MS 39202
601-944-1100
www.ecd.org

MISSOURI

Beyond Housing

4156 Manchester Ave.
St. Louis, MO 63110
314-533-0600
www.beyondhousing.org

Better Family Life

724 N. Union, Suite 301
St. Louis, MO 63108
314-367-3440
www.betterfamilylife.org

Urban League of Metro St. Louis

3701 Grandel Square
St. Louis, MO 63108
314-615-3600
www.ulstl.org

Catholic Charities

Housing Resource Center

4532 Lindell Blvd.
St. Louis, MO 63108
314-367-5500
www.ccstl.org/Services/CCHRC.html

Consumer Credit Counseling Service

1515 S. Glenstone
Springfield, MO 65804
1-800-882-0808
www.cccsoftheozarks.org