

ORGANIZATIONS AND OLDER ADULTS ARE INVITED  
TO AN EDUCATIONAL PROGRAM ON



*Preventing Foreclosures, Home Repair Scams, Credit Card Fraud  
and Keeping Yourself and Your Home Safe*

Date: Thursday, May 28, 2009

Time: 9:00 a.m. to 11:30 a.m.

Location: Wyoming Senior Center  
2380 DeHoop S.W.  
Wyoming, Michigan

Speakers: *Tracie Coffman, Senior Homeownership Counselor  
Home Repair Services*

*Karen Tjapkes, J.D., Director of Home Ownership  
Preservation Project, Legal Aid of Western Michigan*

*D/Sgt. Kevin G. French  
Wyoming Police Department*

Cost: There is no charge for this training.

RSVP: Email your name, organization (if applicable) and date of this training to [Registration@aaawm.org](mailto:Registration@aaawm.org) by Friday, May 22, 2009

Questions: Email Anne Ellermetts at [anne@aaawm.org](mailto:anne@aaawm.org) or call 616-222-7014.

Sponsored by:

*Kent County  
Senior Millage*



*The Source for Seniors*

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# Don't Get Scammed!

Presented by:  
Karen Merrill Tjapkes  
Legal Aid of Western Michigan

The first principle of  
consumer transactions:

*BUYER BEWARE!*

# *BUYER BEWARE*

- Generally, you DO NOT have the right to cancel a contract, even within three days.
- Generally, you are purchasing the item AS IS.

# *BUYER BEWARE*

When can you cancel a contract in three days?

1. Home solicitations
2. Refinancing your mortgage loan
3. Credit repair organization contract

# *BUYER BEWARE*

- *To protect yourself, you should:*
- Research the business
- Comparison shop
- Read the fine print
- Independent evaluation

# Credit Reports

# Credit Reports

- Information on credit reports includes:
  - ➔ Name, address, Social Security Number
  - ➔ Credit accounts, including payment history
  - ➔ A list of all companies who have requested the credit report
  - ➔ Public record information, including bankruptcies, other court cases and criminal convictions

# Credit Reports

- You are entitled to one free credit report from each of the three major credit reporting agencies each year. To order:
- [www.annualcreditreport.com](http://www.annualcreditreport.com)
- 1-877-322-8228
- P.O. Box 105281  
Atlanta, GA  
30348

# Credit Reports

- What to look for when checking your credit report
  - ▲ Errors in the information
  - ▲ Old information on your credit report (seven years for most credit information, ten years for bankruptcies)
  - ▲ Information on your credit report that is not yours

# Credit Reports

## Disputing Errors

# Identity Theft

# Identity Theft

How do thieves get the info?

- ❖ Steal your wallet or purse
- ❖ “Dumpster Diving” or in your trash
- ❖ Internet phishing, telephone solicitations
- ❖ Steal your mail
- ❖ Obtain from businesses or employers

# Identity Theft

## Protect Yourself!

- ❖ Shred documents before discarding
- ❖ Protect your Social Security Number
- ❖ Don't give out personal information
- ❖ Don't use obvious passwords or tell others your password
- ❖ Watch your email
- ❖ Keep your information safe

# Identity Theft

- Monitor for Identity Theft
  - ❖ Review your mail carefully
  - ❖ Review your credit report annually
  - ❖ Review your financial statements thoroughly

# Credit Card Fraud

# Credit Card Fraud

- Protect your credit cards
- Guard your credit card number
- Check your receipts and monthly statements
- Report any lost or stolen cards, suspicious or unauthorized activity to your credit card company immediately.

# Credit Counseling Services



# Credit Counseling Services

- Warning Signs!
  - ✓ High fees
  - ✓ Voluntary fees that are not
  - ✓ The hard sell
  - ✓ Employees paid by commission
  - ✓ They flunk the "20 minute" test
  - ✓ "One size fits all"
  - ✓ Aggressive advertising

# Credit Counseling Services

- No one can remove accurate information from a credit report, no matter how harmful
- No one should recommend or assist consumers with falsifying information to make a “new” credit report
- Under federal and state law, a credit repair or debt management organization must give you a written contract outlining the services

# Foreclosure Counseling Services



# Foreclosure Counseling Services

Red Flags to look for and avoid:

- Required Payments
- Being told not to communicate with your lender
- Promises of “legal services” but no attorney licensed in Michigan

# Foreclosure Counseling Services

- For free, professional and superior foreclosure counseling services contact Home Repair Services at (616)241-2601

# Home Repair Scams

# Home Repair Scams

- Research the job, research the contractor
- Verify the contractor's information
- Obtain estimates
- Written Contract

# Home Repair Scams

- BEWARE of anyone who comes to your door uninvited
- BEWARE of telephone solicitations
- BEWARE of contractors who try to sell you more than you want or need

# Common Scams

# Common Scams

- Internet Auctions
- "Phishing"
- Foreign Money/Investment Offers (Nigerian Money Scam, King Solomon Gem Scam)
- Sweepstakes

# Common Scams

- Charity Fraud
- Foreign Lotteries
- Work At Home
- Living Trusts (even with a free lunch)

# Common Scams

## Lessons:

- Do not give out your bank account information
- Do not give out credit card information
- Do not give out other personal information
- Do not trust unsolicited offers
- No such thing as a free lunch

# Common Scams

If you feel uneasy, concerned, or uncomfortable do not continue with the transaction.

Trust your instincts.

# Telemarketing

[www.donotcall.gov](http://www.donotcall.gov)

# Questions?

Please feel free to contact me  
at

[ktjapkes@legalaidwestmich.net](mailto:ktjapkes@legalaidwestmich.net)

or (616) 774-0672 ext. 120



# Home Repair Services

*Resources for Home Owners*





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*Resources for Home Owners*





# State Predictions

- 91,000 families could face foreclosure in the next 2 years
  - \$3.8 billion projected loss from tax base
- "Defaulting on the Dream: States Respond to America's Foreclosure Crisis." Pew Charitable Trust. April 2008

## Home Repair Services



MSHDA Certified



HUD Certified






Understand Foreclosure




# Mortgage Basics

- 🏠 Departments: Make sure you are talking to people who can assist you. Explain who you are.
  - 🏠 Customer Service
  - 🏠 Collections
  - 🏠 Loss Mitigation
  - 🏠 Foreclosure
- 🏠 Clients must communicate with the lender at all times!



# Mortgage Basics

-  Servicer: The company that manages the loan and all day to day activity (Ex: Chase, Dovenmuehle...etc)
-  Investor: The owner of the loan, who sets the guidelines for the servicer (Ex: Fannie Mae, Freddie Mac...etc)
-  Insurer: The company that pays the claim if the loan is foreclosed on (Ex: FHA, VA, MGIC)




# Collection Basics

-  **First Month: Phone Call or Letter**
-  **Second Month: Definite phone call from collection dept. Usually still accept one payment, but there will be pressure for both.**
-  **Third Month: More Phone calls. Client receives a letter that warns of 30days until foreclosure. Will not accept less than total due without arrangements**

# Foreclosure Basics

-  **Fourth Month:** Near the beginning of the month, if not at the end of the third month the letter will expire. The mortgage company will review the loan for foreclosure.
-  **Foreclosure Referral:** A referral to the attorney places the loan in official foreclosure. All attorney fees become part of the client's delinquency. Average cost \$1200-1500. All loss mitigation options are still available.

# Foreclosure Basics



-  **Sheriff Sale:** Scheduled by the attorneys about 4-6 weeks after they receive the file. Actual date foreclosure takes place.
-  **Deficiency :** A deficiency is created at the time of sheriff sale.
-  **Redemption Period:** The redemption period is the time allotted to the borrower after sheriff sale, where they can remain in the home. 30-360 days, majority of cases will have 6 months.


# Foreclosure Basics

## New Legislation




- New notice must be sent to the borrowers advising them that they have 14 days to contact a housing counselor, who then has 10 days to contact the mortgage company. This contact initiates a 90 day delay on the scheduling a sheriff sale while a loan modification is being reviewed

# Loss Mitigation

-  **Loss Mitigation:** The options available within a mortgage company to assist clients with preventing the foreclosure.
-  **Two Types of Options:**
  1. Those that work to help keep the home.
  2. Those that don't keep the home.

Both prevent foreclosure.
-  Options will depend on who owns or insures the loan and the reason for default

# Loss Mitigation

-  **Long-Term:** Crisis that caused the mortgage to fall behind is on-going with no clear resolution.
-  **Short-Term:** Crisis that caused the mortgage to fall behind has passed or has a clear resolution date.
-  Have clients be honest with themselves and the lender.

# Loss Mitigation

## 1. Options to keep the home







**Special Forbearance:** This allows for the suspension or reduction of payments for a set period of time so the borrower may recover from a short term crisis. The delinquent amount is not forgiven and the borrower must be prepared at the end of the allotted time to reinstate or pursue another workout option.



**Re-Payment Plan:** The amount that the client is delinquent is spread out over a set period of time and added to the regular monthly payment, usually 3-18 months.

# Loss Mitigation

## 1. Options to keep the home

-  **Loan Modification:** The amount that the client is delinquent is added onto the principle balance of the loan and amortized out over the rest of the life of the loan.
  -  May see a variation of this with subprime or second mortgages, called a deferment.
  -  Pres. Obama payment reduction 31% gross income
-  **Partial Claim:** (FHA or PMI insured loans only)  
The insurer may grant an interest free loan for the delinquent amount to bring the account current. (MSHDA has the HELP Loan)

# Loss Mitigation

## 1. Options to keep the home

### Moratorium (RHS Direct Loans):




Centralized Servicing Center, borrower may be able to receive a suspension of payments for up to 2 years. At the end loan is reamortized and payments are expected to resume

### HomeSaver Advance (Fannie Mae Loans)

Fannie Mae will advance funds to bring a mortgage current through and unsecured loan. It is a 15 year, 5 % interest with 6 months deferred payments.

# Loss Mitigation

## 2.Options to not keep the home

-  **Pre-Foreclosure Sale:** Mortgage company can postpone the foreclosure to allow client time to sell the property.
-  **Short Sale:** Mortgage company may let the client sell the home for fair market value, as a settlement of the debt.
-  **Deed-In-Lieu:** If the client has been unable to sell the mortgage company may allow the client to “give back” the home, preventing the foreclosure.

# Loss Mitigation Package

## What does a Loss Mitigation Package Include:

1. Financial Analysis: Income, expense, and asset information
2. Authorizations and Disclosures: Permission to check credit report and acknowledgement that the foreclosure process does not stop while the package is being reviewed
3. Letter of Hardship: Explanation of delinquency

# Loss Mitigation Package

4. Documentation of Income: Pay stubs, social security statements
5. Tax Returns: One to Two Year with all attachments and W-2's
6. Bank Statements: One to Two months

# Thank-You!



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