

## Tips for Distressed Borrowers

Have the payments on your adjustable-rate mortgage loan become unmanageable, or are they about to increase beyond your ability to afford them? Have you experienced a job loss, illness or reduced income?

**Call Operation Threshold, We Want to Help!**

**Let Us Help You  
Save Your Home!  
CALL TODAY!**

**1. Call a local certified Housing Counselor** right away.

Contact **Operation Threshold** directly at 319-291-2065 and ask to speak to a Foreclosure Prevention Counselor! All Services are **FREE!**

OR

**Email our Foreclosure Prevention Counselors at:**

Lekeisha Veasley [lveasley@operationthreshold.org](mailto:lveasley@operationthreshold.org)

Mary Anne Meyer [mmeyer@operationthreshold.org](mailto:mmeyer@operationthreshold.org)

Nikki Roe [nroe@operationthreshold.org](mailto:nroe@operationthreshold.org)

**2. Act quickly.** Don't wait until your bank initiates the foreclosure process with a notice of trustee sale.

Loan workouts can take months to complete, so it's best to notify your lender before you miss the first payment.

**3. Have your finances in order.** The bank's loan-servicing agent and a certified foreclosure prevention counselor will ask you to provide information about your income and expenses such as mortgage payment, credit- card, utility and car payments. You must prove financial hardship to get a loan workout.

**4. Contact the Iowa Mortgage Help Hotline.** Their services are free also, counselor's understand how to work with lenders, and they won't let emotions get in the way. Call the state's Iowa Mortgage Help Hotline at 1-877-622-4866 or go to the website at: [www.iowamortgagehelp.com](http://www.iowamortgagehelp.com)

**5. Keep calling.** If the lender tells you to call back after you miss a payment, don't give up. Lenders do not have to wait until you miss a loan payment, but right now they are swamped with workout requests, so past-due borrowers are getting first priority. Request to speak to the loss mitigation department or home retention department. A certified foreclosure prevention counselor can help you with this, so make contact with one right away! Don't give up!



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## ‘Alternatives to Foreclosure’

*Any adjustment to a loan's original terms and conditions is known as a "workout."*

*Here are the seven most-common types of mortgage- loan workouts, in order from most to least common:*

1. **Repayment plan.** The borrower is allowed to make up past-due payments over time by adding them on to future loan payments.
2. **Forbearance.** The lender forgives past-due payments to bring the borrower current, thus extending the loan's payoff schedule by the number of months in which payments were missed (definition varies from lender to lender).
3. **Loan modification.** The lender reduces a borrower's monthly payment by adjusting the terms of the loan, such as by lowering the interest rate. Modifications can be permanent or temporary. Sometimes the modification involves reducing the loan's principal balance, although there are some exceptions. A typical modification involves reducing the interest rate and/ or adding the past due balance (principal and interest only) to the end of loan. Attorney fees, late fees, and court fees cannot be add to the loan.
4. **Short sale.** The lender agrees to let the borrower sell the home for less than the remaining loan balance.
5. **Short refinance.** A special loan modification in which the lender agrees to refinance the loan at a lower rate and reduce the principal. The federal housing bill approved in July 2008 proposes short refinancing to a fixed-rate FHA loan at no more than 90 percent of the original loan's value (FHA Secure Program).
6. **Loan assumption.** A new borrower assumes the original borrower's mortgage debt in exchange for the property.
7. **Deed in lieu of foreclosure.** The borrower surrenders the mortgaged home to the lender in exchange for forgiveness of all mortgage debt.

I have read ‘Alternatives to Foreclosure’ and was educated about the different ‘Alternatives for Foreclosure’ by the counselor providing free counseling services from Operation Threshold.

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