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**Serving Bucks, Chester,
Delaware and Montgomery
Counties Since 2001**

Mission

Our mission at LASP is to provide quality legal representation to low-income people, to empower them to solve problems without legal representation through legal education and increased access to the courts, and to change community practices and systems that cause or aggravate poverty.

David Bennethum, Esq.
Editor

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IN THIS ISSUE:

**3 PROGRAMS
THAT CAN
HELP OWNERS
SAVE THEIR
HOMES**

Real Help for Homeowners



In the face of the biggest housing bubble in our nation's history and a foreclosure epidemic that still is not slowing, some homeowners in Bucks County are in danger of losing their homes. They are not alone. Several new initiatives have been developed to help them save their homes. This issue of *Bucks Legal Aid Housing News* is devoted to describing three of these timely homeowner resources.

1: Mortgage Foreclosure Diversion Program

Established last summer, by the end of 2009 the Bucks County Court of Common Pleas Mortgage Foreclosure Diversion Program had already scheduled 317 mortgage foreclosure cases for Conciliation Conferences. These conferences, held before volunteer mediators appointed by the Court, require that the lender and borrower meet to see if an agreement can be reached to save the home before further legal action is taken. According to preliminary reports, the conferences have facilitated agreements between borrowers and lenders in nearly 1/3 of the cases; another 1/3 of the case conferences are being continued in order to give lenders and borrowers additional time to reach agreements on their own. This program is scheduled to run through December 31, 2010, unless extended by the Court.

If you are a Bucks County homeowner who has been served with a mortgage foreclosure complaint, please call the Save Your Home Hotline at 1-866-760-8911 immediately.



2: The Home Affordable Modification Program (HAMP)

On February 18, 2009, the Obama Administration introduced the Home Affordable Modification Program (HAMP). Under HAMP, a group of mortgage lenders have agreed to follow uniform loan modification guidelines to provide eligible homeowners with more affordable monthly mortgage payments. This program does NOT cover loans owned or guaranteed by Fannie Mae/Freddie Mac, which have separate programs for assisting distressed homeowners.

HOW DOES HAMP WORK? The goal of the HAMP program is to reduce monthly mortgage payments (including taxes and insurance) to no more than 31% of the homeowner's gross income. Payments can be lowered by reducing interest rates, lengthening the term of the loan and forbearing some of the principal balance, or (rarely) forgiveness of some principal payments. Past due payments and interest are added to the loan principal and late fees are usually waived as part of the loan modification.

HOW TO GET STARTED WITH HAMP: Legal Aid strongly recommends that homeowners seeking modifications work with and through a qualified home counseling agency, which can advocate on the homeowner's behalf with senior management if applications are stalled or denied.

In Bucks County, Bucks County Housing Group (215-598-3566) and Consumer Credit Counseling Service (1-800-989-CCCS) are qualified home counseling agencies that can work with homeowners to access the HAMP and other programs to help homeowners with mortgage or credit card debt problems. You can also call Legal Aid's toll free helpline at 1-877-429-5994 to see if you might qualify for any housing legal services.

Who Qualifies for HAMP?

- Only borrowers in default or in imminent danger of default on their principal residence can qualify.
- Current payments must exceed 31% of the homeowner's gross monthly income.
- Loans in foreclosure are eligible for consideration and if foreclosure procedures are pending, the lender cannot proceed to Sheriff's sale while an application for modification is pending.

Even if the homeowner proves to be eligible by the standards listed, lenders do not have to approve a modification if a test (the Net Present Value Test) shows that it would be more profitable to foreclose than to modify the loan.

To learn more about the HAMP program and determine whether your lender is participating, go to www.makinghomeaffordable.gov



3: PHFA Foreclosure Mitigation Counseling Initiative

Legal Service Programs across the state (including LASP) have partnered with the Pennsylvania Housing Finance Agency (PHFA) and home counseling agencies to provide free legal advice and counseling to homeowners in danger of mortgage foreclosure through the Home Counselor Online or HCO program.

Under HCO, distressed homeowners must first meet with a PHFA approved home counseling agency to receive detailed advice and counseling concerning their financial situation and to apply for assistance under the Homeowners' Emergency Mortgage Assistance Program (HEMAP) or other relief programs, if appropriate. In most cases, the home counseling agency will then refer the homeowner to a legal service provider for free legal advice and counseling concerning mortgage foreclosure and its alternatives.

Your Legal Aid attorney can provide information about the following...

- Pennsylvania's mortgage foreclosure process;
- PHFA's HEMAP application and appeals process;
- Forbearance agreements and home loan modifications;
- Chapter 7 and Chapter 13 bankruptcies;
- Short sales and deeds-in-lieu of foreclosure;
- Predatory lending;
- Legal options following a Sheriff's Sale;
- Avoiding or nullifying rescue scams;
- Advice, counseling and referrals concerning mortgage foreclosure assistance programs.

...and, in some instances, legal services that go beyond advice, such as:

- Communicating and negotiating with lenders concerning home loan modifications, short sales, deeds-in-lieu of foreclosure;
- Assisting homeowners with letters to lenders under the Truth In Lending Act, the Real Estate Settlement Procedures Act, and issues involving Unfair or Deceptive Acts or Practices.
- (For homeowners with income within 125% of federal poverty guidelines) Possible legal representation, if there are viable defenses to foreclosure or feasible alternatives.
- Referrals to other legal services or your county's Bar Association lawyer referral service.

HOW TO GET STARTED: If you would like more information about the Initiative or you are a homeowner in distress and need to speak with an approved home counseling agency, you can contact PHFA at 1-800-822-1174 or go to PHFA's website at www.phfa.org and click on Foreclosure Mitigation Counseling in the dropdown menu under the Housing Resources tab. You may also call Legal Aid's toll-free helpline at 1-877-429-5994.





1290 Veterans Highway
Box 809
Bristol, PA 19007

Bucks County Offices

1290 Veterans Highway, Box 809
Bristol, PA 19007
215-781-1111
Walk-ins:
W 1-3:30pm

100 Union Street
Doylestown, PA 18901
215-340-1818
Walk-ins:
M-F 8:30am-4:30pm

www.lasp.org

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DON'T BORROW TROUBLE®

SUBURBAN PHILADELPHIA

1-888-275-8843

Don't Borrow Trouble is now a program of Legal Aid of Southeastern PA. Designed to assist people with questions and concerns arising from bad loans, most recently the majority of calls to the DBT Helpline have related to preventing and mitigating mortgage foreclosure. The toll-free helpline is available to residents of Bucks, Chester, Delaware and Montgomery counties, Mondays - Thursdays from 9am to 1pm.

Philadelphia Foundation Supports Mortgage Foreclosure Prevention

The Philadelphia Foundation recently awarded \$30,000 from its Basic Human Needs Fund to LASP to support Mortgage Foreclosure Prevention legal services. This grant will be directed to the Don't Borrow Trouble helpline and once again make the program available to Bucks County residents who lost access to the helpline when county funding ended last year. The Foundation raised \$331,000 for the Basic Human Needs Fund through its Generous Philadelphia Campaign and anticipates that more than 20,000 people in southeastern Pennsylvania will benefit from shelter and housing services, prevention of utility shutoffs, obtaining food, getting transportation to work, as well as access to medical services, day care, education and training. Legal Aid is grateful for this timely gift of money to help sustain some of our region's neediest families.