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**FOR IMMEDIATE RELEASE**

**PENNSYLVANIA ASSOCIATION OF MORTGAGE BROKERS OFFERS  
CONSUMER INFORMATION ON FORECLOSURES**

**Harrisburg, PA – June 12, 2007** – American's are seeing the rise of foreclosure rates across the nation, specifically in Pennsylvania, ranking as the 18<sup>th</sup> highest state with foreclosures, according to RealtyTrac.com. Consumers can prevent foreclosure on their home before it happens to them and the non-profit Pennsylvania Association of Mortgage Brokers (PAMB) offers tips for homeowners to consider.

It is important to note that mortgage brokers are not responsible for foreclosing on your home. It is the lending institution to which your mortgage was sold that will send you the foreclosure notice once you have missed a payment. Consumers should also be aware of how foreclosure will have an impact on their credit report. Foreclosure is a hard mark to erase from your credit history and there are steps you can take to avoid the loss of your home instead. Communication with your mortgage broker or lender will help you navigate through the troubled waters of foreclosure before and after you find yourself facing such a situation. Consumer tips provided by the PAMB are for informational purposes only and should not be considered legal advice.

**Before You Miss a Payment:**

- Take out a loan product that makes sense for your individual financial circumstances
- Know how much you can afford for a house payment and don't be talked into more.
- Make sure that after you make your mortgage payment each month there is enough money to cover your other expenses as well as put money into a reserve emergency account
- Use the equity in your house in a careful and a sensible manner; for example don't use money from a line of credit to go on vacation

**After You Miss a Payment:**

- As soon as you are going to miss your first mortgage payment, contact your lender
- If you obtained your loan through a mortgage broker, ask your broker for guidance on the situation
- Cut out any unnecessary expenses and try to trim your budget where you can
- Don't make any large purchases
- Be aware of "rescue" offers, if it sounds too good to be true it probably is
- Don't sign any documents before they are thoroughly read and reviewed
- Work with your lender to determine if selling your house is an option or if there are any other options to assist your circumstance
- Talk to as many people at the lending institution that you need to in order to find someone that will help you. Write down names and departments.

In spite of your best efforts to bring your mortgage current, sometimes temporary financial setbacks occur. Rather than foreclose, most lenders would rather work out a solution with you. Foreclosure workout plans depend on several factors. Becoming familiar with all your financial options places you in a stronger position when dealing with your lender. Most lenders administer the following specific plans:

- **FHA Special Forbearance (SFB):** a written re-payment agreement between a lender and a borrower, which contains a plan to reinstate an asset that is a minimum of three mortgage payments due and unpaid.
- **Loan Modification:** one or more of the terms of the loan are changed to bring the delinquent mortgage current.
- **Pre-foreclosure Sale:** the proceeds of a sale are accepted as full satisfaction for the mortgage obligation even if it is less than the mortgage balance.
- **Deed-In-Lieu of Foreclosure:** the borrower voluntarily deeds the property to the lender to avoid foreclosure.
- **Repayment Plan:** a formal re-payment plan that may include special forbearance and is structured allows the consumer to repay delinquent installments and/or payment advances to bring the mortgage current.
- **Assumption:** an enforceable "due-on-sale" clause, which is waived to allow a qualified buyer to assume the mortgage of a delinquent borrower.
- **Special Circumstances:** these are special situations involving natural disasters and bankruptcy where an agreement can be worked out with the lender and the borrower.
- **Special payment arrangements:** there can be special agreements made in order to allow the borrower to "catch-up" by stretching payments over a set period of time or allowing extra time to make payments on the delinquent amount.

- **Interest only payments:** a lender or servicer can agree to take interest only payments by waiving the requirement for principal over a period of time to assist the borrower.
- **“Short” sale:** the lender takes less than what is legally owed, reducing the payoff balance to the agreed upon amount, in order to allow refinancing or sale.

All the above listed items need to be agreed upon by your servicer or lender in writing. Do not hesitate to communicate and seek alternatives if you want to keep your home.

Please understand that the lender does not want your house and will try to work with you. The first thing you need to do after you have received a foreclosure notice, or a Lis Pendens, in writing is to respond immediately. Consumers usually have 20 to 30 calendar days to respond. These 20 to 30 calendar days begin from the date you were served the Lis Pendens notice.

It is also advised that you attend the hearing. The judge will listen to your side. If you don't attend, a sale date will be set for approximately 20 days after the hearing date. If you do attend the hearing, you may be able to get up to 60 days to work out a resolution.

Members of the PAMB in good standing with the broker association may be sponsored by Pennsylvania Housing Finance Agency (PHFA) approved lenders to originate select program loans. PAMB members must first participate in an educational training program that will be offered through the PHFA at their offices in Harrisburg. The PHFA housing initiatives will help homebuyers and current homeowners purchase homes at lower-than-market interest rates based on the county they reside in and income limitations.

The Pennsylvania Association of Mortgage Brokers is composed of licensed mortgage professionals who strive to attain the highest degree of excellence and customer service available. PAMB members also subscribe to a code of ethics. For more information, visit [www.pamb.org](http://www.pamb.org) or call the Association office at (888) 311-PAMB.

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**Interviews with the PAMB  
are available upon request**