



**William C. Thompson, Jr.**  
New York City Comptroller

# Save Our Homes



# Foreclosure Prevention Guide

## Foreclosure Prevention Guide

Dear Friend,

For many New Yorkers, the dream of home ownership has turned into the nightmare of foreclosure. This year, it is estimated that New York City will suffer approximately 15,000 foreclosure filings because of the growing subprime mortgage crisis. This is more than double the total two years ago.

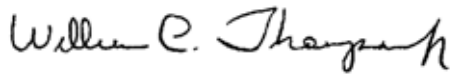
Although the amount is staggering, this crisis is more than simply numbers. If we do not help, all of us may have a family member, a friend or a neighbor struggle through the painful foreclosure process. When just one family is displaced from their home, our entire city suffers.

Foreclosures also have harsh economic consequences for our communities. Just one or two boarded-up homes can hurt neighboring property values and stunt an area's economic growth.

Although there is no simple or single solution to this problem, it is important that at-risk borrowers take immediate action to learn about available options to help avoid the loss of a home. Foreclosures can be avoided if individuals and communities are well informed.

It is my hope that this guide will encourage individuals to take the first step to save their homes. By serving the needs of each community in our city, we will secure a better quality of life for all New Yorkers.

Very truly yours,



**William C. Thompson, Jr.**  
**New York City Comptroller**



FOR SALE  
FORECLOSED

## Foreclosure Prevention Guide

How to avoid the risk of foreclosure before you purchase or refinance

- **Seek counseling services offered by not-for-profit organizations before you purchase or refinance your home.**

You should meet with certified experts to learn how to improve your credit, avoid predatory lenders, review financial budgets and understand all the steps necessary for buying or refinancing a home.

- **Avoid prepayment penalties and balloon payments.**

A prepayment penalty may add significant additional costs if you decide to refinance your loan. Individuals who finance or refinance their mortgages with loans containing prepayment penalties or balloon payments are at greater risk of foreclosure. Borrowers should avoid these costly and risky loans.

- **Stay on top of home repairs and maintenance.**

Know which home improvements increase the value of your home and have only reputable contractors perform any improvements or repairs. Dishonest contractors often pressure homeowners into loan products that may lead to foreclosure.



### Missed a mortgage payment . . . what's next?

- **Contact your lender as soon as you realize you are having difficulty.**

There is a saying: “the sooner, the better.” This is appropriate for deciding when you should notify your lender that a payment will be late. The further behind you are on your payments, the fewer options you have available. Follow up with a letter to your lender documenting your conversation with your lender’s representatives.

- **Open and respond to all mail from your lender.**

Your lender will likely contact you as soon as you stop making payments. It is important that you respond to all mail and phone calls from your lender. The first notices you receive will contain valuable information about your options to prevent foreclosure. Additional letters may include important notices of pending legal action. Failure to open mail may not be an excuse in foreclosure proceedings.

### Are there options if I cannot make payments?

- **Sometimes there are options that a lender can offer.**

You may be allowed to delay payments for a short period, with the understanding that at the end of that time you will bring the account current. If you have some money to make your payment, but not the past-due amount, your lender may agree to let you catch up.



### ■ **Short-term mortgage payment difficulties.**

If you are having difficulty paying your mortgage due to short-term financial hardships such as illness, family emergencies, or temporary loss of income, you may be permitted to delay your mortgage payments for a short time, but you must first contact your mortgage lender.

Similarly, if you have funds to make at least a partial mortgage payment, your lender may allow you to add a payment in the future. However, be aware that you should not simply cease making payments or make only partial payments without first discussing your options directly with the mortgage lender.

Beware of uninvited solicitations from private parties.

Be skeptical of unsolicited offers or advertisements from private parties offering to assist homeowners with delinquent mortgages or mortgage foreclosures. In many instances, these offers require the payment of inappropriate fees or involve an offer to purchase your property with the false promise that it will be resold to you at some time in the future.

Remember, “if it sounds too good to be true, it probably is.” If you sign the deed to your home over to another party, there is no guarantee that you will be able to get it back.

Has your mortgage payment increased because you have an Adjustable Rate Mortgage (ARM)?

- You may want to consider converting your mortgage to a fixed-rate product. This way you will know what your mortgage payment will be for the duration of the loan. It is important for you to make sure that the option you choose is affordable for the duration of the loan.



### Foreclosure Prevention Counseling

If you believe that your home may be in jeopardy of foreclosure, you should immediately contact the **Comptroller's Foreclosure Prevention Helpline: (212) 669-4600**. My staff will research your case and make the appropriate referrals to non-profit organizations certified by the U.S. Department of Housing and Urban Development.

My office can help you:

- Review your financial situation and determine what options are available to you.
- Discuss the various workout arrangements lenders have available.
- Protect yourself from future credit problems before you get too far behind on mortgage payments.
- Obtain information regarding services and programs in your area that provide financial, legal, medical or other assistance.



## Foreclosure Prevention Guide

When you contact our Foreclosure Prevention Helpline or any HUD-certified counseling agency, you should have the following documents/information:

### ■ **Information about the home being foreclosed:**

- The year purchased
- The original purchase price
- The estimate of current value
- Whether it is owner occupied
- Whether it is a multi-family home
- The condition of the property

### ■ **Mortgage Information:**

- The number of mortgages
- The type of mortgage (purchase, refinance, home equity, debt consolidation, etc.)
- The original mortgage amount
- The loan account(s) number(s)
- The year of the mortgage
- Lender(s) or servicer(s)
- The address of the current lender(s) or servicer(s), telephone, fax, and contact person
- The type of mortgage (in months/years)
- The interest rate
- The total monthly payment
- The number of months behind
- Total arrears (including fees and costs)
- The current principal balance
- Any correspondence you have received from the lender



Please call, fax, e-mail, write or visit the Comptroller's Community Action Center (CAC). This unit has resolved thousands of problems confronting New Yorkers. We can help you, too.

Foreclosure Prevention Helpline:  
(212) 669-4600

Community Action Center:  
(212) 669-3916

TTY Users:  
(212) 669-3450

Fax:  
(212) 669-2707

Website:  
[www.comptroller.nyc.gov](http://www.comptroller.nyc.gov)

E-mail:  
[action@comptroller.nyc.gov](mailto:action@comptroller.nyc.gov)

1 Centre Street  
Room 835  
New York, NY 10007

Call or visit CAC:  
Monday–Friday  
9:00 a.m.–5:00 p.m.

