

**News from the...**

Connecticut Mortgage  
Bankers Association, Inc.

**By MARTHA CROOG**

The mortgage banking industry continues to regroup in the face of the perfect storm known as the subprime mortgage financial crisis.

If you or someone you know is having difficulty making a mortgage payment, has received a notice of intent to foreclose or has been served with a foreclosure summons and complaint, remember that help is available.

The state's judicial website has been updated with helpful links on foreclosure law and procedures, such as those prepared by Connecticut Statewide Legal Services.

The state Department of Banking has a foreclosure assistance program.

Lenders have expanded "loss mitigation programs" for homeowners in pre-foreclosure and foreclosure. These programs are designed to limit the losses incurred by lenders but also might help people keep their homes.

Many lenders also have home-retention departments or business partnerships that are designed to meet the special needs of homeowners in default.

Contact the company that services your mortgage loan rather than the foreclosing attorney. You should seek independent legal advice if you are unable to resolve the default with the lender.

You could be eligible for one of many alternatives to foreclosure. Visit the self-help links at <http://www.jud.state.ct.us/LawLib/Law/foreclosure.htm>. For example, your lender might say you are eligible for a repayment plan or a loan modification.

The lender will need a few days to prepare a "reinstatement quote" as part of the evaluation. If you qualify for a repayment plan or a loan modification, the lender will put the foreclosure "on hold." Usually this does not occur until the lender receives the required deposit or down payment and the signed repayment plan or loan modification documents from you.

Although the mortgage, which is a contract, does not oblige the lender to negotiate a resolution, in most cases the lender will be motivated to explore solutions before the foreclosure is final.

If you are not eligible for a repayment plan or a loan modification because of your income, you might wish to consider selling your house or refinancing your mortgage.

In some cases, the debt you owe to the bank could be more than the price you have been offered by a prospective purchaser. Or, the debt might be more than the listing price suggested by your real estate agent. In either case, you might be eligible for a short sale or SPO (short payoff).

If a foreclosure has been filed against you, the lender will file documents in court that will result in a judge entering a judgment of foreclosure by sale or strict foreclosure against you. The lender (the plaintiff) could begin to file these documents, or pleadings, within a few days after the return date.

Until the loan is paid in full, interest on the mortgage debt and other authorized charges will continue to accrue. If you intend to reinstate your loan, or are approved for a repayment plan or loan modification, or if you are filing a Chapter 13 bankruptcy case, the mortgage arrearage generally will increase until you reinstate or the foreclosure is put on hold. The arrearage includes the number of missed payments, late charges, unpaid taxes and foreclosure fees and costs.

If a foreclosure sale has been set by a court, the arrearage or payoff amount will include attorney/auctioneer fees and costs. This amount increases as the sale date nears.

You should also consider that the amount of a deficiency judgment will increase if the foreclosure is not resolved in a timely manner. The amount of the deficiency refers to the difference between the mortgage debt and the value of your home at the conclusion of the foreclosure. In some cases relief under the bankruptcy laws might be available.

There is no guarantee that you will be able to achieve a particular resolution. If, after exploring the options with your lender and attorney, you find that you are unable to save your home, remember that there are other affordable home opportunities. When you pursue them in the future you will do so with the knowledge and understanding that you attained at this particular time in your life.

***Martha Croog is the managing member of Law Office of Martha Croog LLC and is a member of the board of directors of the Connecticut Mortgage Bankers Association Inc.***