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THE INTERCOM

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MORTGAGE AID PLAN GETS BOOST Daytona Beach News Journal—adapted

The Obama administration expanded its \$50 billion mortgage aid program recently by announcing new measures that would help homeowners avoid a foreclosure if they don't qualify for other assistance.

The initiatives are intended to streamline the process of selling a home that is worth less than the mortgage, or transfer ownership of a home to the lender. Both options will still lower the homeowner's credit score, but less than a foreclosure.

Since the program, called Making Home Affordable, was launched in March, mortgage companies have made more than 55,000 offers to modify borrowers' loans.

Officials estimate up to 4 million borrowers will get their loans modified, but housing experts like Mark Zandi, of Moody's Economy.com expect the number will be less than half of that.

Many housing counselors across the country

are complaining that the program has been slow getting off the ground.

"Our experience at the ground level has been frustrating," said Michael van Zalingen, director of homeownership at Neighborhood Housing Services of Chicago, a counseling group. Entry-level employees at mortgage companies, he said, are either steering borrowers away from the plan or are entirely unaware of it.

ASSETS FOR INDEPENDENCE PROGRAM Daytona Beach News Journal—adapted

The Assets for Independence program is operated nationally by almost 300 agencies, including 11 statewide, according to the Federal Administration for Children & Families.

The program helps low-income individuals and families get money toward a home, education, training or to start a business.

The program teaches people not only how to save toward their home but makes them prove they can maintain a budget. Experts say the Assets for Independence program benefits not only the person who gets into stable housing, but sparks the economy.

More than 6,000 people nationally have been helped through the Assets for Independence program with buying a home since starting in 1999, according to government reports.

Participants must demonstrate they can save for at least a year, including a minimum of \$25 a month

In Volusia-Flagler Counties, local officials have about \$300,000 for five years, half from The Community Foundation, a division of the United Way, and half in federal funding. They hope to initially help 64 people with funds toward a down payment.

*To get what you want,
STOP doing
what isn't working.*

MORTGAGE DELINQUENCIES HIT RECORD

Daytona Beach News Journal—adapted

A record 12 percent of homeowners with a mortgage are behind on their payments or in foreclosure as the housing crisis spreads to borrowers with good credit. And the wave of foreclosures isn't expected to crest until the end of next year, the Mortgage Bankers Association said.

The foreclosure rate on prime fixed-rate loans doubled in the last year, and now represents the largest share of new foreclosures.

Nearly 6 percent of fixed-rate mortgages to borrowers with good credit were past due or in foreclosure. At the same time, almost half of all adjustable-rate loans made to borrowers with shaky credit were past due or in foreclosure.



HOW TO APPLY FOR MORTGAGE HELP

Daytona Beach News Journal—adapted

Home Affordable Modification Plan:

This plan is for homeowners who are struggling to make mortgage payments or are behind on them. Participation by servicers in this plan is voluntary, but the U.S. Treasury is offering significant incentives to lenders who participate.

Here's what you need to know to apply for the Obama administration's **Making Home Affordable** program, which could help as many as 9 million homeowners reduce their monthly mortgage payments. Within the program are two plans.

Home Affordable Refinance Plan: This plan is for eligible homeowners who are:

- current on their mortgages
- have not been more than 30 days late on a payment in the past 12 months
- have not been able to refinance at today's lower interest rates because their home has decreased in value.

The home is your primary residence and

- the property loan is owned or guaranteed by Fannie Mae or Freddie Mac
- the amount owed on your mortgage is about the same or less than the value of your home
- you have enough income to pay the new mortgage payments

The refinance improves the long-term affordability or stability of your mortgage with the interest rate down to as low as 2 percent, if necessary, for five years, and will stretch mortgages up to 40 years, to reach a mortgage payment that doesn't exceed 31 percent of the homeowner's income.

After five years, the modified rate may increase, but it will not exceed the market interest rate on the day the mortgage was modified.

Eligibility requirements are:

- the home is your primary residence
- the principal balance can't exceed \$729,750 for one-unit properties
- the loan must have originated before Jan. 1, 2009
- mortgage payments (including taxes, insurance and homeowners association dues) must exceed 31 percent of gross income.

the mortgage payment must be unaffordable because of a change in income or expenses

It matters what happens in you more than what happens to you.

RELIEF FOR HOMEOWNERS

Kiplinger's Personal Finance – adapted

If you're considering filing for personal bankruptcy because you're having trouble making the mortgage payments on your primary residence, keep an eye on the so-called cram-down bill. The measure, which is part of President Obama's housing plan and is making its way through Congress, would allow bankruptcy judges in Chapter 13 proceedings to reset the terms of certain mortgages so that more homeowners can keep their homes.

The move would be a big change. At the moment, a Chapter 13 filing stops the foreclosure process and gives homeowners time to restructure their payments with their lender. But as the law currently stands, you don't have the ability to alter the terms of your loan. Under the new measure, as passed by the House of Representatives, the judge can reduce your principal and interest rate.

Before you could qualify for a cram-down loan modification, you would have to show that you appealed to your mortgage lender for relief at least 15 days before you filed for bankruptcy.

While the plan would help more people keep their homes, the mortgage industry opposes it because of concerns it will destabilize the housing market and lead to more bankruptcy filings. Opponents worry that more homeowners in danger of foreclosure will file for bankruptcy (and live with the hit to their credit) if that's a surer route to keeping their homes.

Without hope there is no framework for faith to work in. - Anonymous

Half a Billion Dollars Says U.S. Is Getting Serious About Busting Fraud

Article by

Kenneth R. Haraney - Washington Post—adapted

It may not have made a big splash on network news or in print, but for real estate it was the equivalent of a congressional declaration of war – a war against mortgage fraud.

Just as security and intelligence agencies were given huge funding boosts by Congress after 9/11, the FBI, Justice Department, Secret Service and U.S. Postal Service combined have gotten half a billion dollars in new funding authority to investigate and prosecute individuals and companies suspected of mortgage fraud. President Obama signed the legislation May 20.

The targets range from people who lie about their incomes on home mortgage applications to highly organized roving networks of "foreclosure relief" scammers who bilk money out of homeowners seeking mortgage modifications.

Known as the Fraud Enforcement and Recovery Act of 2009, the legislation will fund new SWAT teams of fraud-busters and broaden federal legal powers to go after individuals and mortgage operations that currently get attention – if at all – only at the state or local levels. The law also creates a Financial Crisis Inquiry Commission with broad powers to investigate who and what got us into the real estate mess, starting with the subprime boom, Wall Street hanky-panky and more recent bank failures.

TIPS TO AVOID SCAMS

Daytona Beach News Journal—adapted

- Contact lender immediately to discuss loan modification
- Avoid companies charging upfront fees
- Avoid companies that guarantee to save homes from foreclosure to stop foreclosure no matter the circumstances
- Avoid companies that advise not to contact lender, lawyer or financial counselor
- Avoid making mortgage payments to the rescue company
- Avoid companies whose name or symbol mimic federal and state programs
- Avoid companies that falsely suggest they offer legal services or are affiliated with an attorney or law firm

Check out the company. Get a physical address, names of corporate officers, call Florida Attorney General's Office at 866-966-7226 or go online to myfloridalegal.com and check company complaint history.



Florida Community Development Association Newsletter

FCDA GENERAL OFFICES

(Physical address)

Mrs. Rose Shelley

313 Palmetto Avenue

Daytona Beach, FL. 32114

(Mailing address)

1515 Herbert Street, Ste. 213

Port Orange, FL 32129

Ph. (386) 322-3787

Visit us on the Internet:

www.fcdaonline.com

*Tough times never last,
but tough people do.*

-Anonymous

SHORT-TERM LOANS OFFERED FOR TAX CREDITS

Daytona Beach News Journal—adapted

Thousands of first-time homebuyers will be able to get short-term loans so they can quickly make use of a new \$8,000 tax credit to pay for some of the costs of buying a home.

The Federal Housing Administration recently released details of a plan in which borrowers who use FHA loans can get advances from lenders that let them effectively receive the credit in advance, so they don't have to wait to get the money from the Internal Revenue Service.

FLORIDA FORECLOSURES COULD SHELTER EVACUEES Daytona Beach News Journal—adapted

Trying to make the best of a bad situation, federal officials might use foreclosed homes as temporary housing for hurricane evacuees in Florida as soon as this summer.

The proposal would keep people close to their homes and communities instead of scattering them around the country, which happened when Hurricane Katrina devastated New Orleans nearly four years ago. Thousands never returned.

But the idea is still in its infancy, and many questions remain unanswered, including whether the banks that own the foreclosed homes would agree to such a plan.

The Federal Emergency Management Agency told The Associated Press that it might consider using foreclosed homes if hotels, shelter and other housing options are full.

Jeff Bryant, FEMA's federal coordinating officer for Florida, said the agency will work with other federal agencies such as Housing and Urban Development and state emergency planners to see whether it could be a solution.

If the proposal works in Florida, it could serve as a model nationally. In April, there were 278,287 homes in some stage of foreclosure in Florida, according to RealtyTrac. The idea isn't wholly new: About 100 families were moved into foreclosed homes after Katrina, FEMA said.



LETTERS TO LANDLORDS—OH MY!

- The toilet is blocked, and we cannot bathe the children until it is cleaned.
- This is to let you know that there is a smell coming from the man next door.
- The toilet seat is cracked: Where do I stand?
- I am writing on behalf of my sink, which is running away from the wall.
- I request your permission to remove my drawers in the kitchen.
- Our lavatory seat is broken in half and is now in three pieces.
- Will you please send someone to mend our cracked sidewalk? Yesterday my wife tripped on it and is now pregnant.
- Our kitchen floor is very damp, we have two children and would like a third, so will you please send someone to do something about it.
- Could you please send someone to fix our bath tap? My wife got her toe stuck in it and it is very uncomfortable for us.

- from *AhaJokes.com*