

listed on the denial letter. Send your letter right away, because there is a 15-day deadline.

If you appeal, a hearing will be scheduled. Most hearings are conducted by telephone. You will need to document why you qualify for the HEMAP program. Make sure you line up all the evidence and witnesses that will show that you qualify. It is a very good idea to have a lawyer for this hearing. If you lose the hearing, you have the right to appeal to a court, but the court will give a great deal of weight to the hearing officer's ruling.

If your mortgage is an FHA purchase money loan, you are not eligible for the HEMAP program, but you might qualify for FHA's Loss Mitigation Program. Also, if foreclosure on your home is put on hold by bankruptcy proceedings, you can still apply for HEMAP but the bankruptcy will have to be lifted as to the property before HEMAP can approve your application.

Are there other programs to stop foreclosure?

Yes. The HERO (Homeowners' Equity Recovery Loan Program) may also help if you are not able to keep up with your current mortgage. With this program, you could actually receive a new fixed-rate loan for up to 30 years. To qualify for this state-run program, you must have enough income to be able to make regular monthly payments on the loan, and you must live in the home as your permanent residence. The payments will be withdrawn directly from your bank account. To find out if you qualify for this program, contact the Pennsylvania Housing Finance Agency (PHFA) and speak with a HERO Loan Program specialist at 1-800-822-1174.

Can I stop a foreclosure by catching up on the payments?

Yes. As a general rule, under Pennsylvania law, if you can catch up on the mortgage payments before the foreclosure sale actually occurs, the foreclosure has to stop. To stop the sale, you will also have to pay court costs and the lender's reasonable attorney's fees, however. The court costs and attorney's fees get much higher as the case goes on.

If you want to exercise your right to stop the sale by catching up on the payments plus court costs and attorney's fees, it is important to have your own lawyer so that you can make sure that you are paying the right amount.

What should I do if the bank or mortgage company won't accept my payments?

If you have fallen behind on your mortgage, some banks and mortgage companies won't accept any payments unless you catch up completely. If this happens, you should save your payments in a special bank account and consult an attorney about your options.

Can I save my home by filing bankruptcy?

Sometimes bankruptcy can help save a home. A Chapter 13 bankruptcy can allow you to catch up on your mortgage over a three- to five-year period, while you make your regular monthly mortgage payments. Either a Chapter 13 bankruptcy or a Chapter 7 bankruptcy can help you get rid of lower-priority debts so that you can focus on your mortgage and other essential bills. Ask for the brochure titled ***A Guide to Bankruptcy*** and see a lawyer if you want to evaluate whether bankruptcy can help you.

REMEMBER. The law often changes. Each case is different. This pamphlet is meant to give you general information and not to give you specific legal advice.

Please use the information found in this brochure carefully since the law is constantly changing and the information may not accurately reflect any changes in the law that occurred following the creation and publication of the brochure.

Pennsylvania Legal Aid Network, Inc.
118 Locust Street
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Informational pamphlets on other legal topics can be found at



Your Online Source for Legal Information and Civil Legal Aid
in Pennsylvania

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Preventing Foreclosure

Public Information Pamphlet #16

What should I do if I am having trouble paying my mortgage?

Are there agencies that can help me catch up on my payments?

How can I apply for the HEMAP program?

Can I stop a foreclosure by catching up on the payments?

Pennsylvania
Legal Aid Network

The Pennsylvania Legal Aid Network of civil legal aid programs provides help for people who have no place else to turn



Preventing Foreclosure

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■ **IF YOU** own your home and fall behind on the mortgage payments, the lender may threaten foreclosure. This brochure describes what you can do to keep your home.

What should I do if I am having trouble paying my mortgage?

If you are having trouble making your mortgage payments, here are some steps you should take:

- **Communicate with the bank or mortgage company.** Tell them why you are having financial problems and when you expect your financial situation to improve. Ask about a workout—a temporary or permanent change to your mortgage terms. Whatever payments you agree to make, be sure that you are able to make them. Keep notes with the name of the person you have talked to and the terms you have discussed.
- **Ask about refinancing.** Sometimes you can get a lower interest rate or reduced payments by refinancing your mortgage. You are more likely to qualify for refinancing if you arrange for it before you have missed many mortgage payments, so the sooner you look into it, the better. Watch out for high-rate lenders that promise consolidation loans to help you avoid foreclosure, however; they only make things worse. Be suspicious of any company that calls you, writes you, or puts advertisements in the newspaper promising to help save you money. Ask for the separate brochure titled *Getting or Cosigning for Credit*.
- **Go through your budget carefully.** Are there expenses you can eliminate? Are

there ways you can increase your income? Many community agencies have people who can help you work out a sensible household budget.

- **Give first priority to the bills necessary to keep your job, your home, and food on the table.** Don't let bill collectors pressure you to make payments you can't afford on lower priority bills. See the brochure *Overwhelmed by Debt?* for more information about dealing with debts.
- **Ask yourself whether you can afford to keep your house in the long term.** If the answer is no, consider listing the house for sale with a real estate agent. You may be able to buy a less expensive home with the money you get. Also, selling the home is much better for your credit record than going into foreclosure.
- **If you feel the lender cheated you** or took advantage of you, see a lawyer. You should do this as soon as possible.
- **Open and read your mail.** The lender will be sending you important notices about your legal rights and sources of help. See a lawyer if you get any foreclosure papers from a court or a sheriff or process server.

Are there agencies that can help me catch up on my payments?

Pennsylvania's **Homeowners Emergency Mortgage Assistance Program (HEMAP)** helps people catch up on their mortgage payments. (There is a separate program for people who have an FHA purchase money mortgage. Rural Housing Services has a foreclosure prevention program, but RHS loans are also eligible for HEMAP.)

If you qualify, the program can pay the bank or mortgage company the amount necessary to catch up on your mortgage. The program can also help you make your mortgage payments going forward. The total amount of assistance (amount past due

and monthly payments) can not exceed 24 months (36 months in times of high unemployment).

The HEMAP money is treated as a loan, and you will have to make payments on it of \$25 per month or more, depending on your income and housing expenses. When you sell your home or finish paying off your mortgage, the balance owed on your HEMAP loan will have to be paid.

To qualify for the program, you must be suffering financial hardship due to circumstances beyond your control, and you must have a reasonable chance of beginning full mortgage payments again before the 24 months of assistance runs out (36 months in times of high unemployment).

How can I apply for the HEMAP program?

If you fall behind 60 days or more on your mortgage payments, the bank or mortgage company is allowed to send you a letter telling you that you are in default and letting you know about the HEMAP program. As soon as you get this letter, you should call one of the housing counseling agencies listed in the notice and schedule a meeting to make an application.

You must attend a meeting within 33 days after the date on the notice if you want to apply for HEMAP. To help you prepare for the meeting, visit The HEMAP Help Center, sponsored by Regional Housing Legal Services, at www.hemap.org.

At the meeting, be prepared to explain the circumstances beyond your control (illness, layoffs, etc.) that caused you to fall behind. The housing counselor will help you complete your application and will send it to the HEMAP program. If you apply for HEMAP on time, the bank or mortgage company cannot start a foreclosure case against you for up to 60 days while HEMAP reviews your application. Even if you are beyond the 33 days you can still apply for HEMAP, but doing so will not automatically stop the foreclosure action.

If the HEMAP program turns down your application, don't give up. You have the right to appeal, simply by sending a letter to the address