

CREDIT COUNSELING CENTER and the BUCKS COUNTY MORTGAGE FORECLOSURE DIVERSION PROGRAM

What is a Conciliation Conference?

A Conciliation Conference is a face-to-face meeting between the lender and/or their attorneys and the borrower to reach a workout solution and avoid foreclosure.

How Foreclosures Work in Pennsylvania

In Pennsylvania, certain counties, such as Bucks County, have implemented Foreclosure Diversion Programs and made conciliation conferences available to homeowners facing foreclosure. In Pennsylvania, foreclosures are judicial, which means the lender must foreclose through the court system. The lender initiates the foreclosure by filing a complaint and having it served on the borrower, along with a summons to appear in court.

With so many financial terms to remember and a process that can be complicated, a homeowner would benefit greatly from the help of a housing expert from a HUD-Approved housing counseling agency. CCC is here to help!

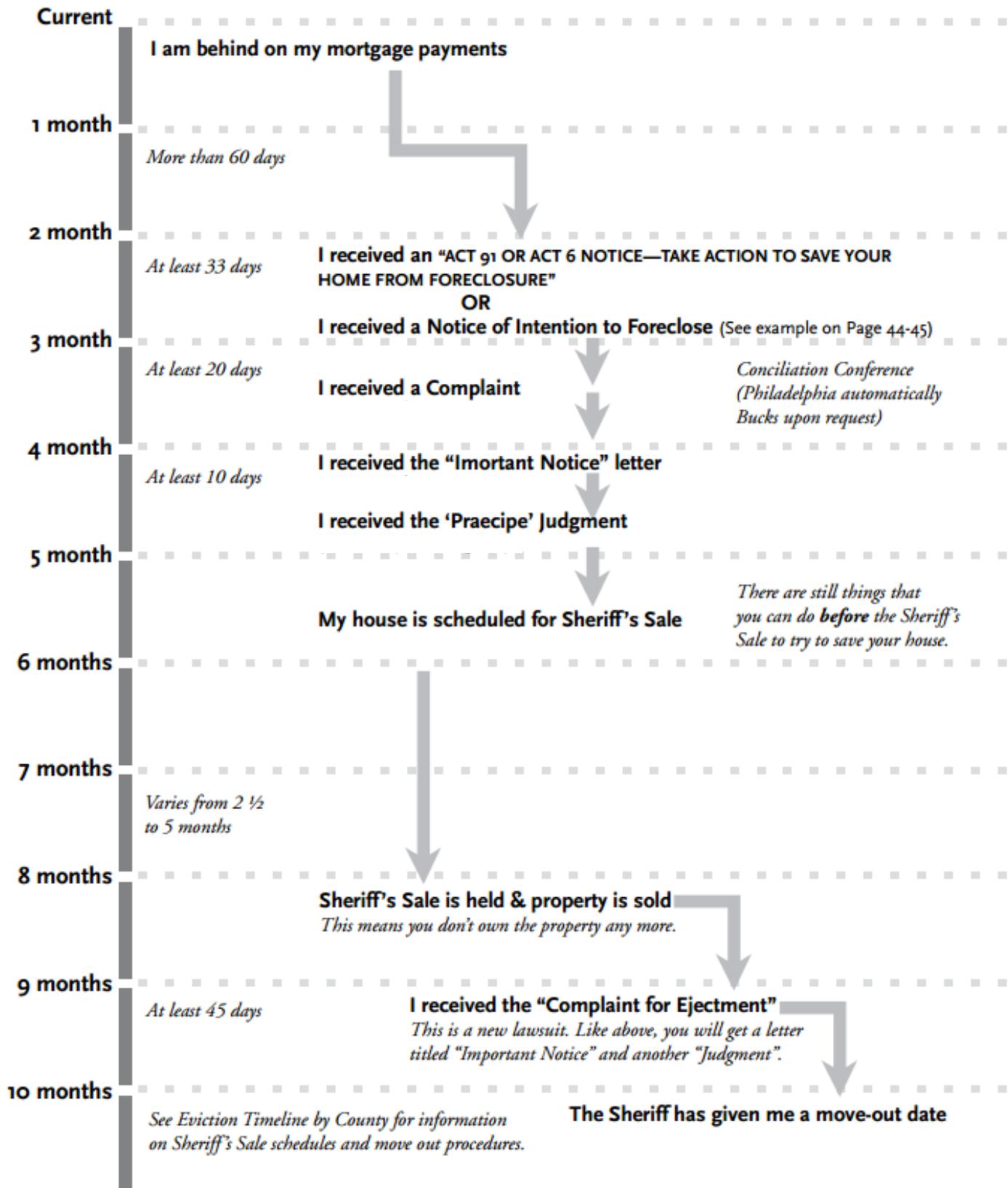
- ✓ CCC attends the Conciliation Conference with the homeowner
- ✓ CCC Provides expert criteria review, status updates, and follow-up to law firm
- ✓ CCC documents and transcribes Conciliation Conference activities
- ✓ CCC Keeps homeowners engaged in the STAY of FORECLOSURE Status for as long as possible in an endeavor to reach a final outcome.

Potential final outcomes:

- Loan Modification
- Mortgage Loan Reinstatement
- Repayment Agreement
- Forbearance Agreement
- Approval of Short-Sale process
- Approval of Deed-in-Lieu process

Foreclosure Chart

This chart is meant to give you an idea of what happens if you do not do anything to stop a foreclosure. The chart shows the shortest amount of time that can pass between each step. At each step, there are actions you can take to defend against foreclosure that will also result in either ending or extending



Home Retention Options...
Options to consider if your goal is to stay in your home

Option	How it works	Key benefits
Repayment Plan	A repayment plan allows you to make your regularly scheduled mortgage payments, plus pay off a portion of the past due amounts over time. This may include principal, interest, fees, and/or costs assessed to your loan.	<ul style="list-style-type: none"> • Brings your account up to date within a specified time-frame. • With a goal in sight, you can move forward knowing that your home is secure
Loan Reinstatement	If you can bring your loan payments up to date, a lender will accept the funds needed to bring the loan up to date until the day of your foreclosure sale.	
Loan Modification (non-HAMP)	A loan modification is a change to the original terms of your loan. Loan modifications could include lowering your interest rate, extending the term or maturity date of the loan, moving from an adjustable to a fixed-rate loan, deferring some portion of the unpaid principal balance to the end of the loan, and/or forgiving some portion of the unpaid principal balance.	<ul style="list-style-type: none"> • Changes the mortgage note itself, giving you a fresh start on managing your home asset • Brings your account up to date immediately
Temporary Forbearance Agreement	An agreement whereby the lender agrees not to proceed with foreclosure and/or collection of payments for a period of time, to allow you to re-establish your ability to make the required payments.	
Partial Claim (FHA loans only)	If you have a Federal Housing Administration (FHA) loan and your payments are past due but you are now able to make your regular monthly mortgage payment, this program is designed to bring your loan up to date by creating a second mortgage/lien on your property for the amount that is past due.	<ul style="list-style-type: none"> • HUD loan is interest-free • Brings your account up to date immediately

Home Non-Retentions Options...

Options to consider if you cannot or do not wish to stay in your home

Option	How it works	Key benefits
<p style="text-align: center;">Short Sale/Pre-foreclosure Sale (non-HAFA)</p>	<p>If you can no longer afford to make your mortgage payments and your home is worth less than you owe, a short sale may allow you to sell your home to pay-off the mortgage. In a short sale, the lender agrees to accept an amount less than what is actually owed on the loan. Offered to borrowers who are not eligible for HAMP or other home retention alternatives.</p>	<ul style="list-style-type: none"> • Avoids the lengthy legal process involved in foreclosure • Generally less damaging to your credit rating than foreclosure
<p style="text-align: center;">Deed in Lieu of Foreclosure (non-HAFA)</p>	<p>Used as an alternative to foreclosure, with a deed in lieu of foreclosure, you transfer ownership of your house and all property secured by your mortgage loan. This may satisfy the total amount due on that mortgage. Offered to borrowers not eligible for HAMP or other home retention alternatives, and who were not able to sell the property through a short sale.</p>	<ul style="list-style-type: none"> • Avoids the lengthy legal process involved in foreclosure • May be less damaging to your credit rating than foreclosure

****What is Cancellation of Debt?**

If you borrow money from a commercial lender and the lender later cancels or forgives the debt, you may have to include the cancelled amount in income for tax purposes, depending on the circumstances. When you borrow the money you were not required to include the loan proceeds in income because you had an obligation to repay the lender. When that obligation is subsequently forgiven, the amount you received as loan proceeds is normally reportable as income because you no longer have an obligation to repay the lender. **The lender is usually required to report the amount of the canceled debt to you and the IRS on a Form 1099-C, Cancellation of Debt.** See www.irs.gov for more information.