

## **Community Action Team: The First 50 Years**

### **Part 7 – Financial Resources for Homeowners**

*By Leanne Murray, Community Action Team, Human Investment Department*

Community Action Team (CAT) has been helping with housing needs for about 30 of its 50 years. Previous articles in this series have covered topics such as weatherization, home rehabilitation, purchasing a home, affordable housing, and home repairs. Some of these services are available to both homeowners and renters. This article focuses on two significant programs CAT offers to homeowners who may be encountering financial challenges.

One of the advantages to already owning a home in these times of increasing housing costs is that one doesn't have to worry about a landlord increasing rent when a lease is renewed. However, the housing crisis we're experiencing in Columbia County presents a different kind of challenge for homeowners – if they lose their home, there is nowhere else to go. The market is so tight right now that there is virtually no rental inventory at any price. That pressure makes it that much more important for households to make sure they are up-to-date on their mortgage payments.

The "Home Rescue" Mortgage Payment Assistance (MPA) program is a tremendous resource for those whose income has been reduced in 2016 compared to income earned in a year between 2009 and 2015. Some common causes for the income reduction are loss of a spouse, full-time work reduced to part-time hours, or divorce. The program can assist homeowners in two ways – through monthly mortgage payments for up to 12 months, capped at \$20,000 or by providing a reinstatement payment of up to \$15,000 that makes a mortgage in arrears current.

The MPA is available through the US Treasury's "Hardest Hit Fund" and administered by the Oregon Homeownership Stabilization Initiative (OHSI). \$220 million was allocated to Oregon in 2010 and almost 12,000 homeowners have already received assistance by way of this five-year forgivable loan. Every other Wednesday at noon OHSI makes 200 state-wide application slots available, and as is to be expected with this kind of support, the eligibility criteria are many. Homeowners can get qualification details and application materials at [www.OregonHomeownerHelp.org](http://www.OregonHomeownerHelp.org), but a few of the preliminary ones are: the home must be the owners' primary residence and a single family unit (including condominiums and town houses); in Columbia County the unpaid principal on the loan must be less than \$418,750; and projected household gross income for 2016 is capped at 120% of the state median income based on the number of people in the home. For example, a two-occupant household's maximum gross income is \$60,840, for a household of four it is \$76,080. Participants are required to periodically report their income to demonstrate continued eligibility. Prior recipients of OHSI assistance are not eligible. The number for MPA inquiries to OHSI is 503-986-2025.

Columbia County has a dedicated MPA counselor located at their main office in St. Helens. Sally McLaughlin is available to meet with homeowners in person or over the phone (503-366-6544). Households in Clatsop and Tillamook Counties can contact Nicole Martin in Astoria at the numbers listed at the end of this article. They can review all the options that may be helpful in your particular situation. The MPA application is handled on a case-by-case basis, so it is critical to have all the details in line when it's submitted.

It is always important to start exploring your options as soon as possible. If you're already behind on your payments, don't wait to see "if next month will be better." It gets harder to catch up each time you

turn a page of the calendar. CAT staff recognize how hard it can be to ask for help, but that's exactly why they're there. As with all client relationships, confidentiality is a vital priority, so you can trust your personal information will remain private. This program is funded with tax dollars to support Oregon residents when unanticipated challenges arise; there is no shame in seeking assistance.

When someone is facing the prospect of mortgage foreclosure and they don't qualify for the MPA program, CAT also has resources managed by Nicole Martin to help those homeowners. Foreclosure Prevention services are available as soon as someone realizes they are struggling to pay the mortgage. They do not have to have received a foreclosure notice and CAT is able to serve households at any economic level. Martin helps clients review all their debt, their budget and other variables in order to create a Plan of Action.

If a household is three or more payments behind on their mortgage and foreclosure is imminent, the Oregon Foreclosure Avoidance Program (OFAP) ensures homeowners have the opportunity to meet with and negotiate a foreclosure avoidance measure with their mortgage lender. The borrower must request a resolution conference and pay a fee of \$175 (\$50 if low-income requirements are met). Both parties provide extensive documentation that is coordinated through CAT's certified OFAP Counselor Cindy Peake, who is based in Astoria but is in Columbia County twice a week. The first conference occurs face-to-face within 75 days of the request and involves the homeowner, Peake, a state-appointed facilitator and the lender's attorney. In addition, the lender's mortgage department representative is present over the phone. Often times the process requires multiple meetings.

Since Oregon lawmakers created OFAP with the passing of Senate Bill 558 in August 2013, CAT has worked with 350 homeowners in Columbia, Clatsop, and Tillamook Counties. This law requires mortgage lenders to meet and negotiate with their borrowers when they have trouble paying their loan. The majority of mortgage holders who have wanted to stay in their home have been successful in negotiating new terms with their lender. There are three typical types of agreement: modification of the original loan, creating a repayment plan, or reinstating the account by paying the balance of the missed payments.

And, there may be conditions that lead a homeowner to not want to keep the home. They are encouraged to contact CAT as well in order to learn more about the options that include a deed-in-lieu, short sale, or simply walking away and allowing the foreclosure to proceed.

Every household has different circumstances and variables to consider. CAT housing counselors take the time to learn about a client's situation so they can be the best advocate for them. These negotiations are complicated and can take months, even more than a year, so it's important to have someone who knows the intricacies standing by your side.

There are other ways CAT can help too. They offer one-on-one financial readiness counseling to help with budgeting, getting out of debt, and improving credit worthiness. These services are available to anyone, even non-homeowners. Frequently CAT hears from residents who have arranged a reverse mortgage and then find themselves in a bind with property taxes. Laws are different for reverse mortgages. There are situations when it can be beneficial, but it is absolutely critical to be fully informed. CAT can also help with that.

*To find out more about how Community Action Team programs might be able to help with your home mortgage, please call 503-325-8098, 1-800-325-8098 or visit [www.cat-team.org/nworhc](http://www.cat-team.org/nworhc).*