

The Slippery Slope

The Slippery Slope of Foreclosure

Foreclosure is a complicated process that is financially and emotionally challenging. This guide was created to help homeowners understand their individual circumstance and take control. Although foreclosure may be overwhelming, it is vital that homeowners take action and get help as soon as possible! The longer homeowners wait to get help, the more difficult it becomes to get out of the situation.

How to use this guide

Homeowners can easily identify what stage they are in and seek the appropriate assistance. To use the brochure:

1. **See inside: The Slippery Slope of Foreclosure.**
2. **On the slope, find the color that best matches what you're going through.**
3. **Match your color to the detailed action information to learn what you can do!**

Don't go through foreclosure alone

Contact a nonprofit housing counselor

or lawyer for assistance. They are professionals who understand foreclosure and know how to communicate effectively with mortgage companies.



Call the SaveYourHomePhilly Hotline at 215-334-HOME (4663)

to schedule an appointment with a housing counselor.

For additional home foreclosure information or assistance, please call the

SaveYourHomePhilly Hotline
at **215-334-HOME (4663)**.



Urban Affairs Coalition

Driving Change from the Ground Up

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We hope you found the Slippery Slope brochure helpful. You can order a Friends and Family companion piece that focuses on the emotional affects of foreclosure by contacting us at foreclosure@uac.org.

The Slippery Slope

of foreclosure

Look inside for easy steps
to prevent home foreclosure



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FORECLOSURE OVERVIEW AND ACTIONS

CODE YELLOW: FORECLOSURE

CODE ORANGE: SERIOUS TROUBLE

CODE RED: CRISIS

CODE GREY: LOST

Steps	What Happened?	What's Next?	Actions to Take
Step 1 You receive an Act 91 Notice from your mortgage company.	<ul style="list-style-type: none"> You fell at least 60 days behind ("in arrears") on your mortgage payments. 	<ul style="list-style-type: none"> This is the official start of foreclosure. The mortgage company considers you to be in "default." 	<ul style="list-style-type: none"> Call the Save Your Home Philly Hotline at 215-334-4663 to meet with a housing counselor. Meet with a housing counselor within 33 days of the date on the Notice in order to apply for the "Homeowners Emergency Mortgage Assistance Program" (HEMAP), which is a loan to help you pay your mortgage arrears. If you have an FHA loan you will receive a notice telling you your rights, not an Act 91 Notice. Whether or not you have an FHA loan, you have 30 days to "cure" the delinquency by paying the arrears.
Step 2 You receive a Complaint.	<ul style="list-style-type: none"> Your HEMAP application was denied, or you did not meet with a housing counselor within 33 days of the Act 91 notice, and you did not pay your arrears. No agreement was reached with the mortgage company. 	<ul style="list-style-type: none"> The mortgage company files a legal document in the local Common Pleas Court, called a "Complaint". The Complaint claims you are in default of the mortgage. A process server will deliver the Complaint in person, or will post it to your door. If you live in Philadelphia, the Court will automatically schedule a court date called a Conciliation Conference. The conference is a chance for you, your housing counselor, and the mortgage company to negotiate a workout. 	<ul style="list-style-type: none"> Call the Save Your Home Philly Hotline at 215-334-4663 to receive legal guidance and to schedule an appointment with a housing counselor in order to prepare for your Conciliation Conference. Meet with your housing counselor, who will prepare and send a proposal for a workout to the mortgage company at least ten days before the Conciliation Conference. Obtain the services of a lawyer to answer the Complaint. Make sure your lawyer knows what your housing counselor is doing, and vice-versa.
Step 3 You receive an "Important Notice" letter.	<ul style="list-style-type: none"> You did not respond to the Complaint within the 20 day timeframe. 	<ul style="list-style-type: none"> The mortgage company lawyer will send you an "Important Notice" letter, informing you that you have not responded to the Complaint and that a "Default Judgment" may be entered against you. 	<ul style="list-style-type: none"> If your lawsuit was filed after September 8, 2008, a "Default Judgment" cannot be entered against you until the Conciliation Conference takes place.
Step 4 A "Default Judgment" is entered against you.	<ul style="list-style-type: none"> You were not able to enter into a workout at the Conciliation Conference, and a future Conciliation Conference was not scheduled. 	<ul style="list-style-type: none"> The mortgage company takes a "Default Judgment" against you. Your house is scheduled for a Sheriff's Sale about three months in the future. The Sheriff's Sale is a public event that is similar to an auction and your home will be sold to the highest bidder. 	<ul style="list-style-type: none"> If you have not yet done so, applying for the Home Affordable Modification Program will delay the Sheriff's Sale. FHA loans are not eligible. If you file a Petition To Postpone Sheriff Sale, the Court may delay the sale for a month or two. Filing bankruptcy will prevent the Sheriff's Sale from taking place, at least until the bankruptcy is over or the Bankruptcy Court allows the mortgage company to proceed with the sale. If a Conciliation Conference is scheduled for after the Sheriff's Sale date, the Court will order the Sheriff to postpone the Sheriff's Sale. A lawyer may be able to undo the "Default Judgment." Even if your home is scheduled for Sheriff's Sale and the Conciliation Conference process is over, you can still try to work out a deal with the mortgage company with the help of your housing counselor.
Step 5 The property is sold at the Sheriff's Sale.	<ul style="list-style-type: none"> You are not able to prevent the Sheriff's Sale from taking place. 	<ul style="list-style-type: none"> You still own the house, but in about one month, the Sheriff will transfer the deed to the purchaser, although only if the purchaser pays the full amount. Only then does the purchaser become the owner of the house. If you choose to remain in the house, the new owner has the right to demand fair market value rent. 	<ul style="list-style-type: none"> Your lawyer may be able to "set the sale aside" if there were procedural irregularities in the foreclosure process. Find out from the Sheriff's office who the new owner is (it is usually the bank). Suggest "cash for keys" – money for you to promise to move out by an agreed upon date, or ask to stay in your house and pay rent. If you do not reach an agreement with the new owner, they will most likely file an ejectment lawsuit against you.
Step 6 You receive a "Complaint in Ejectment."	<ul style="list-style-type: none"> You are still residing in the property and you have not yet worked out an agreement with the new owner. 	<ul style="list-style-type: none"> Only the Sheriff can evict you from the home, and the Sheriff will not evict you until the new owner has filed an "ejectment" lawsuit against you and is successful in obtaining a "Writ of Possession" from the Court. You will be served with a "Complaint in Ejectment." If you do not respond within 20 days, the lawyer for the new owner will send you an "Important Notice" letter, informing you that you have not responded to the Complaint and that a "Default Judgment" may be entered against you. 	<ul style="list-style-type: none"> Obtain the services of a lawyer to respond to the Complaint in Ejectment and defend you in the ejectment lawsuit. You have 20 days from the date you are served with the Complaint to respond.
Step 7 The Sheriff has given you a move-out date.	<ul style="list-style-type: none"> A judgment was entered against you in the ejectment lawsuit, either because you did not respond to the Complaint, or because you were unsuccessful in defending against the ejectment lawsuit. 	<ul style="list-style-type: none"> If you stay in the property beyond the move-out date a deputy sheriff will evict you. 	<ul style="list-style-type: none"> Look for alternative housing. If you cannot move your belongings to a new residence, box up your personal belongings so that when the Sheriff comes to evict you, your personal belongings will not be damaged. The Sheriff's office will transport your personal belongings to your new residence. If you do not have a new residence, the Sheriff's office will put your belongings in a self-storage facility, and the Sheriff's office will expect the new owner to pay for the first month of storage.

The Slippery Slope of Foreclosure



CODE BLUE
SAFE

CODE GREEN
CAUTION

CODE YELLOW
FORECLOSURE

CODE ORANGE
SERIOUS TROUBLE

CODE RED
CRISIS

CODE GREY
LOST

CODE WHITE
SALVAGE



SAFE

Comfortable making mortgage payments and have funds in reserve.

CAUTION

Struggling to pay mortgage every month or your mortgage payment is about to increase to an unaffordable amount. Call the SaveYourHomePhilly Hotline: 215-334-HOME (4663)

FORECLOSURE

The mail is piling up, your mortgage payments are 60 days behind and you've received an Act 91 Notice.

SERIOUS TROUBLE

Nothing was resolved with your mortgage company. A judgment has been made against you and you've received a notice of the date your home will be sold at a Sheriff's Sale.

CRISIS

You failed to respond to the judgment and did not reach an agreement with the mortgage company to stop the Sheriff's Sale. Your home is sold.

LOST

You no longer own the home and must find another residence.

SALVAGE

Collect yourself, your things and regroup; it's time to get your life back on track.

See Inside for Solutions