

Avoiding foreclosure, resources for Veterans

1. VA help to avoid foreclosure

If you fall far behind on your mortgage payments, your mortgage servicer (the company that handles collecting the money for your lender) can take your house to cover the money owed. This process is called foreclosure. Find out how our VA loan technicians can help you avoid foreclosure and keep your house.

Can I get VA financial counseling to help avoid foreclosure?

- **If you're a Veteran or the surviving spouse of a Veteran**, we'll provide financial counseling—even if your loan isn't a VA direct or VA-backed loan.
- **If you have a VA direct or VA-backed loan**, you can contact us anytime to request that we assign a VA loan technician to your loan. Our technicians can offer you financial counseling and help you deal with your servicer (or work with you directly in the case of a VA direct loan).
- **If you have a VA direct or VA-backed loan and it's 61 days past due**, we'll automatically assign a VA loan technician to your loan.

What should I do if I'm having trouble paying my mortgage?

If you're having difficulty making your mortgage payment, contact your loan servicer right away. This is your chance to find a solution that might work for your scenario.

If you're nervous about contacting your servicer, or if you'd like our help and advice, please contact a VA loan technician at [877-827-3702](tel:877-827-3702).

Be careful about offers to help you make up back payments

If you're behind on your mortgage payments and you get this type of offer from someone you don't know, contact the servicer of your mortgage or your nearest VA regional loan center for advice. They can let you know if it's an honest offer.

How can I avoid foreclosure?

There are 6 general ways you can try to avoid a foreclosure:

1. **Repayment plan:** If you've missed a few mortgage payments, this plan lets you go back to making your regular payments, with an added amount each month to cover the ones you've missed.
2. **Special forbearance:** This plan gives you some extra time to repay the missed mortgage payments.
3. **Loan modification:** Sometimes you need a fresh start. This plan lets you add the missed mortgage payments and any related legal costs to your total loan balance. You and your servicer then come up with a new mortgage payment schedule.

4. **Extra time to arrange a private sale:** If you need to sell your home, this plan lets you delay a foreclosure so you have time to sell.
5. **Short sale:** If you owe more money than your house is worth, your servicer might agree to a short sale. This means the servicer will accept the total proceeds from the home sale (even if it's less than the full amount you owe on the mortgage) as full payment of the debt you owe.
6. **Deed in lieu of foreclosure:** This plan lets you avoid the foreclosure process by signing over the deed to the home to your servicer. The home will then belong to the servicer.

Our VA loan technicians can help you figure out which option is best for you. Contact a VA loan technician at [877-827-3702](tel:877-827-3702).

If I can't avoid foreclosure, will I have to pay back my loan?

If your loan closed before January 1, 1990, and we have to pay back the amount of your loan to the servicer, you'll need to pay this amount back to the government.

If your loan closed on or after January 1, 1990, you'll have to pay back the amount of your loan if we find evidence of fraud, misrepresentation, or bad faith on your part.

2. HUD assistance

TALK TO A HOUSING COUNSELOR

Want advice on buying a home, renting, default, foreclosure avoidance, credit issues or reverse mortgages? HUD sponsors housing counseling agencies throughout the country to provide free or low cost advice. Search online for a [housing counseling agency](#) near you, or call HUD's interactive voice system at: **(800) 569-4287**.

3. Local Service Possibilities:

Local service organization posts can help with emergency funds, also, the PA DMVA has an emergency grant. They need to contact their county director of veterans affairs, or call Ft. Indiantown Gap to initiate that process.

4. The commonwealth of PA has an assistance program available to Veterans that may be able to help with Finances.

<https://www.dmva.pa.gov/veteransaffairs/Pages/Programs%20and%20Services/Veterans-Temporary-Assistance.aspx>

5. Pennsylvania has initiatives in place to provide relief for financial hardship during the outbreak. Here's a place to get started learning more:

<https://www.abc27.com/news/pennsylvania/ag-shapiro-releases-pa-care-package-consumer-relief-initiative/>

The veterans should reach out to his mortgage lender to see if they are participating in the initiative.

6. I work for Tabor Community Resources (LANCASTER). I suggest that you or your veteran call Tabor and ask for the Mortgage Foreclosure Prevention department (It's part of the Financial Empowerment Center that is made up of several financial services provided by Tabor). Tabor's main number is **717-397-5182**. All staff are currently working remotely but there will be options on the answering service so that your message will get to the right staff.

7.

- PA Attorney General Shapiro Press Release 31 March 2020 stating that **Pennsylvanians cannot be evicted** during state of emergency: <https://www.attorneygeneral.gov/taking-action/press-releases/ag-shapiro-to-landlords-pennsylvanians-cannot-be-evicted-during-state-emergency/>

8.

The veteran should start by applying for unemployment benefits. The CARES Act that was passed includes provisions for increased benefit amounts and no waiting period.

There is a recovery rebate coming, but it is based on Adjusted Gross Income – see chart below.

Has the member contacted his mortgage servicer? Many creditors are providing relief – no interest, skipping payment, etc. He should call to find out what help his lender can provide.

Another option is to stop paying on unsecured debts (credit cards) and prioritize housing.

Bottom line:

Apply for benefits

Call the bank

Contact utility companies for relief

Then call each creditor for unsecured debts to ask for relief from interest and/or payments.

Key provisions of the CARES Act:

KEY 2020 CARES ACT PROVISIONS

RECOVERY REBATES	CORONAVIRUS-RELATED DISTRIBUTIONS	OTHER PROVISIONS	UNEMPLOYMENT COMPENSATION BENEFITS	SMALL BUSINESS BENEFITS
<ul style="list-style-type: none"> Refundable income tax credit against 2020 income of up to \$2,400 for married couples filing a joint return. All other filers begin with a refundable credit of up to \$1,200. The credit amount then increases by up to \$500 for each child a taxpayer has under the age of 17. AGI threshold amounts: Married Joint, \$150,000; Head of Household, \$112,500; All Other Filers, \$75,000. Payment reduced by \$50 for every \$1,000 over threshold amounts. Individuals must have a work-eligible social security number (and not be claimed as a dependent), but they do not need to have had reportable income in 2019 and can also be eligible for other income-benefit programs as well. 	<ul style="list-style-type: none"> Coronavirus-Related Distributions are distributions of up to \$100,000, made from IRAs, employer-sponsored retirement plans, or a combination of both, which are made in 2020 by an individual who has been impacted by the coronavirus. Distributions are exempt from the 10% penalty, not subject to mandatory withholding requirements, are eligible to be repaid over 3 years, and the income may be spread over 3 years. 	<ul style="list-style-type: none"> Required Minimum Distributions are waived in 2020, and taxpayers who have already taken their RMDs for 2020 have the option of returning them, if they so desire. 2020 is ignored for the purposes of the 5-Year Rule that applies to Non-Designated Beneficiaries (e.g., charities, estates, non-See-Through Trusts) who inherit a retirement account from decedents who die prior to reaching their required beginning date. New \$300 above-the-line deduction for "qualified charitable contributions", and the AGI limit for cash charitable contributions has been temporarily repealed. Student loan payments deferred until September 30, 2020, and employers can exclude student loan repayments from compensation. 	<ul style="list-style-type: none"> "Regular" Unemployment Compensation is "bumped" by \$600 per week, and the benefit period is extended by 13 weeks. Unemployment benefit will be available the first week of unemployment, waiving the "normal" one-week waiting period. 	<ul style="list-style-type: none"> Certain small business can qualify for small business loans up to a maximum of the lesser of \$10 million, or 2.5x average payroll costs to cover payroll, rent, utilities, mortgage interest, group insurance premiums, etc. Such loans (which have a maximum interest rate of 4%) are eligible for full or partial forgiveness. Eligible amounts must be spent during the first 8 weeks after the loan is made if spent on payroll costs, rent, utilities, and group health insurance premiums, BUT business MUST maintain the same number of employees (subject to certain timeframes). Payroll tax credit for qualifying businesses not receiving a covered loan (above). Employers are eligible to defer payroll taxes from the date of enactment, through the end of the year, until the end of 2021 and 2022.

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Source: Coronavirus Aid, Relief, and Economic Security Act

9.

Here is mortgage relief information from the Consumer Financial Protection Bureau (CFPB) in case it is of help to the veteran you were working with.

<https://www.consumerfinance.gov/about-us/blog/guide-coronavirus-mortgage-relief-options/>

There is also some financial information to help individuals posted to this PA site as well. It includes information on Unemployment Compensation, working with Utility Companies in PA, and food assistance:

<https://www.pa.gov/guides/responding-to-covid-19/#ForIndividuals>

And there are also some other resources, ideas and tips available from the CFPB:

- Dealing with debt collection during COVID-19: <https://www.consumerfinance.gov/about-us/blog/coronavirus-and-dealing-debt-tips-help-ease-impact/>
- Protecting Credit during this time: <https://www.consumerfinance.gov/about-us/blog/protecting-your-credit-during-coronavirus-pandemic/>
- Submitting a complaint if having a problem with a financial product or service: <https://www.consumerfinance.gov/about-us/blog/cfpb-helps-consumers-make-informed-financial-decisions-with-up-to-date-information-and-resources/>
- Being aware of scams and fraud at this time: <https://www.consumerfinance.gov/about-us/blog/beware-coronavirus-related-scams/>