How can CRLA help me?

California Rural Legal Assistance, Inc. (CRLA) staff can assist you if you have or had mortgage issues. CRLA can guide you through the modification process, reporting scams, negotiating cash for keys, and in certain instances filing meritorious complaints with the courts or government agencies. CRLA’s foreclosure assistance project is funded by the United States Department of Housing and Urban Development (HUD).

Tips for Struggling Borrowers

It is important to keep in mind that foreclosures are public information. Borrowers need to be aware of scams to avoid further hardships. Please consider the following while dealing with foreclosure:

- Communicate with lender, do not ignore them;
- Keep a written record of any communication: names, time, & date;
- Beware of foreclosure scams;
- Do not sign anything you don’t fully understand.

Also, the longer you wait, the fewer options you may have. Contact a CRLA office at your earliest convenience. We are here to help.

Law Offices of California Rural Legal Assistance, Inc.

- Arvin (661)845-3840
- Coachella (760)398-7261
- Delano (661)725-4350
- El Centro (760)353-0220
- Fresno (559)441-8721
- Madera (559) 674-5671
- Marysville (530)742-5191
- Modesto (209)577-3811
- Oxnard (805)486-1068
- Salinas (831)757-5221
- San Luis Obispo (805)544-7997
- Santa Barbara (805)963-5981
- Santa Maria (805)922-4563
- Santa Rosa (707)528-9941
- Stockton (209)946-0605
- Watsonville (831)724-2253
Alternatives to Foreclosure

Alternatives to foreclosure are options to stop preventable foreclosures. Most borrowers are not aware of alternatives, but understanding all alternatives help borrowers make the best decision for themselves and their family. Potential alternatives to foreclosure are:

- Loan Workout
- Modification
- Deed-in-Lieu
- Short Sale
- Refinance
- Bankruptcy
- Other Alternatives

Loan Workout

There are three loan workout plans that most mortgage loan servicers offer borrowers, which are:

- **Reinstatement plan**: the borrower pays the servicer the entire past due amount owed on an agreed date.

- **Repayment plan**: the borrower adds an additional amount of money to his/her regular monthly payments until he/she makes up the past-due owed.

- **Forbearance plan**: the mortgage payments are reduced or suspended for an agreed upon period. At the end of that period, the borrower resumes regular payments, and brings the loan current through a lump sum payment.

Mortgage Loan Modification

A borrower may request and submit a complete modification application to their servicer for review on their own or with the help of a HUD approved housing counselor. It is against the law to pay someone for assistance with a modification or any other foreclosure alternative. HUD approved housing counseling is free of charge to borrowers. Modifications usually extend the terms of the loan and add missed payments to the loan balance. Each servicer has their own modification application, therefore it is advised to request a modification application from the servicer. A modification of the mortgage loan is an option, not an obligation.

Deed-in-Lieu of Foreclosure

A Deed-in-Lieu of Foreclosure is an agreement between the borrower and the servicer. The borrower gives title to the property to their servicer. The borrower loses any equity the home may have. Servicers tend to prefer this option because it saves them money.

Short Sale

Borrowers may go through a short sale on their own, if their servicer allows it. By doing so, the servicer agrees to write off any difference between the sale price and the mortgage balance. Borrowers may face a tax liability on the amount forgiven. Short sales avoid the foreclosure process, help avoid damaging the borrower’s credit, and may be challenging if the home is “underwater”.

Refinance

If a loan modification is not an option with the existing servicer, the borrower may be able to refinance the loan through the current servicer or with another lender. Refinancing is the process of obtaining a new mortgage in an effort to reduce monthly payments, lower your interest rates, or change lenders. Keep in mind that there are fees associated with the refinance process and there may be restrictions under your current loan.

Bankruptcy

Bankruptcy is a short term alternative to stop a foreclosure sale date or delay the foreclosure process. Chapter 7 may allow the servicer to resume foreclosure and Chapter 13 may help the borrower keep the property through a repayment plan. Borrowers should consult with a bankruptcy attorney if they would like to proceed with bankruptcy.