

# Keeping Your Home

Your rights and responsibilities to  
help you avoid foreclosure



DEPARTMENT OF  
CONSUMER  
& BUSINESS  
SERVICES  
Division of Financial  
Regulation

## Oregon Division of Financial Regulation

Protecting Oregonians' access to fair products and services through education, regulation, and consumer assistance.

The information in this brochure is not a substitution of the laws. It is intended only for informational purposes and does not constitute legal or professional advice. We encourage you to seek the services of an attorney for your particular circumstances.

This agency does not endorse or recommend a particular counselor or mortgage company. We recommend you contact the agencies listed in the resource section at the end of this guide to verify whether companies and organizations are licensed or registered.

Terms used in this guide in bold italics are in the Glossary on Pages 23-25.

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## You can prevent foreclosure

Becoming a homeowner is a great accomplishment, but keeping that homeownership is just as important. Most people experience financial issues at some time, but if you are not careful, those issues could lead to foreclosure. Foreclosure is the legal means your servicer can use to take your house if you are in **default**. Foreclosures can be initiated by anyone who has a **lien** on your house, including your servicer or the county where the house is located (if you don't pay your property taxes).

Foreclosure not only means losing your home, it can cause damage to your credit, making it difficult to buy a home or get other types of loans in the near future.

If you experience financial issues after you sign your mortgage papers and move into your new home, there are steps you can take. Here are some suggestions:

### Review your loan documents

After moving into your new house, review your loan documents, such as the **Deed of Trust** and **Note**, so you know how payments are credited and what your rights or responsibilities are if you miss mortgage payments. Page 3 of the [Loan Estimate](#) and Page 4 of the [Closing Disclosure](#) also have information about penalties if you send your payments beyond the grace period.

For example, the Note explains when payments are due and where to send them. It also explains how and when you could be charged late fees.

### Create a budget

A mortgage payment can be a major monthly expense. Carefully evaluate your financial situation and create a budget. Find out where your money goes and how you are spending it. Encourage the whole family to participate as you make the necessary cuts in your spending habits and prioritize your expenses. As soon as you can, create an emergency fund to cover your living expenses for a foreseeable future. Remember, even if you have a fixed interest rate loan, your property taxes and homeowner insurance are likely to change every year; carefully budget for these. Some people use their income tax returns to open an account for emergencies. If you start losing control

of your finances, get help from a reputable nonprofit organization. The resources section includes a website link with a listing of government-approved nonprofit housing counseling organizations in Oregon.

## **Make sure to pay your property taxes**

If you do not pay your property taxes, your house may be subject to foreclosure.

In Oregon, property taxes are due Nov. 15 each year, but can be paid in three installments: Nov. 15, Feb. 15, and May 15. If you do not pay in full by May 15, your property taxes are delinquent. Your property likely will be subject to foreclosure after three years of unpaid property taxes. Your tax statements will notify you when your house will be subject to foreclosure.

Find out if your mortgage payments include your property taxes and homeowner insurance. If required, lenders and servicers will deposit a portion of your monthly payments into an **escrow account** to pay the property taxes and homeowner insurance. If unsure, contact the county where your house is located to find out if you or the servicer pays the property taxes. See the Projected Payments section on Page 1 of your Loan Estimate or Closing Disclosure.

If you are disabled or a senior citizen, you may qualify for a property tax deferral. Qualifications for this program include a calculation of your annual household income, whether you live in the property, and the value of your home. If you qualify for this loan and decide to use the program, the state will pay your property taxes. It is an interest-bearing loan that does not have to be paid back until you no longer live in the house.

For more information, contact the Department of Revenue or the county where your property is (see Page 19 in the resources section).

## **Avoid unnecessary liens on your house**

You are responsible for all **liens** on your house. Voluntary and involuntary liens can be placed on your property. An example of a voluntary lien is your mortgage loan or any junior liens, such as equity loans or equity lines of credit, when you use your house as collateral.

An example of an involuntary lien is one placed by the county where your house is located or the IRS if you have [unpaid taxes](#).

Contractors and subcontractors also can place a lien, commonly known as a ***mechanic's lien***, on your house if they have not been paid for work they did on your property. While contractors must give you a ["Notice to Owner about Construction Liens,"](#) try to resolve any discrepancies with the contractor to avoid a lien. For more information, contact the [Construction Contractors Board](#).

Another involuntary lien is a judgment against a property from a lawsuit in which money is awarded to the person who filed the lawsuit.

## **Laws to help you keep your home**

Mortgage ***servicers*** and mortgage companies must follow rules to help borrowers avoid foreclosure and to avoid errors while collecting borrowers' loan payments. Servicers must notify borrowers in advance if changes affect the amount of loan payments, such as an adjustable interest rate that will change. With few exceptions, these new rules do not apply to some types of loans secured by a property, such as lines of credit, reverse mortgages, construction loans, vacant land, or large acreage properties.

The new rules provide some exemptions for servicers classified as small servicing companies. For information, see CFPB's [Help for Struggling Borrowers](#) on Page 19 in the resources section.

These new measures are meant to prevent common problems. However, they are effective only if you, as a homeowner, know your rights and responsibilities.

## **Overview of the servicing rules**

### **Your billing statements**

Unless you have a fixed interest rate home loan and receive a coupon book to make your payments, the servicer must include the following in each billing statement:

- Information about past and current payments

- Any related fees
- How your payments were applied to the loan if, for example, you made extra payments to the principal

The statement should include contact information for the **servicer** and information about how to contact housing counselors. Page 1 of your [Loan Estimate](#) and [Closing Disclosure](#) include a projected payment calculation and projected changes, if any.

### **If your loan has an adjustable interest rate**

If you have an adjustable rate mortgage (ARM) and your interest rate is scheduled to change, the servicer must send you reminders, including a notice that explains the upcoming change and how much your new payment will be. The servicer must send the notice at least 60 to 120 days before the rate affects the new payment – whether higher or lower.

### **Crediting your loan payments and providing payoff information**

Servicers must properly and promptly credit loan payments as of the day they received them. Your servicer cannot reject your regular payment if it is not enough to cover late fees or other fees, such as for force-placed insurance coverage. If you send less than your normal scheduled loan payment, the amount may be placed in a special account, often called a “suspense” account. Also, unless otherwise described in your loan agreement, if you send lower payments, these should be credited to your account once they reach a complete monthly payment amount. Review your loan agreement or your [Closing Disclosure](#) to see if the servicer will accept partial payments and how they are handled.

Servicers must provide consumers with an accurate payoff loan amount within seven business days after receiving a written request.

## Your loan maybe sold or transferred

You will receive a *Loan Estimate* within three business days after applying for a home loan, unless it was rejected for approval during these three days. This document includes information about the likelihood of selling, transferring, or assigning your loan to another company. By signing this disclosure, you acknowledge this possibility. The servicer must send you notice in advance about any of these changes, including where you must send your payments. None of the original terms and conditions of your loan can be changed. The company where you send your payments will notify you in writing no later than 15 days before the transfer of your loan. The new company should notify you of the transfer within 15 days after the transfer was effective. The new servicer cannot penalize you for a late payment if you send your scheduled payments in error to the former servicer for the 60 days following the date of the loan transfer.

## Correcting errors and requesting information

If you see an error in your statement or other incorrect information related to the servicing of your loan, send a written request – preferably by certified mail – to the address provided. The servicer must acknowledge receipt of your letter within five days, not counting legal holidays, Saturdays, or Sundays. Servicers have 30 days to resolve the issue, but may have up to 15 more days to resolve it or send you the information about the servicing of your loan, even if the problem was not the servicer's fault. You should not be charged a fee as a condition to send your letter or to resolve the error. However, do not stop making your regular payments.

The letter should describe specific errors or discrepancies you find in the collection, incorrect application or crediting of your loan payments, or other specific issue concerning the servicing of your mortgage loan.

Page 20 of the resources section has links to sample letters you could use to request information or to request the corrections of errors related to the servicing of your loan.

## If you are late on your payments

If you have not sent the required loan payments when due or were late beyond the grace period, servicers must make reasonable efforts to contact you. The servicer will send you a follow-up written notice 45 days after the servicer did not receive your past-due payment. The servicer may ask why you did not make an on-time payment. Servicers must comply with federal collection laws while contacting you. See Page 20 for the link with more information about the Fair Debt Collection Practices.

The servicer will give you contact information of the personnel assigned to handle your loan and, if applicable, discuss options that may be available. If you cannot make consecutive payments, contact the assigned personnel.

## Late fees

Under Oregon law, a servicer cannot charge a late fee if it receives a regularly scheduled payment within 15 days after the due date. The late fee cannot exceed 5 percent of the scheduled principal and interest payment or the agreed regular payment on the note, whichever is less (ORS 86.160 and 86.165). See Page 3 of your [Loan Estimate](#) and Page 4 of your [Closing Disclosure](#).

## Force-placed insurance

If the servicer believes you do not have homeowner insurance coverage to protect the house against hazards, the servicer or creditor can purchase a policy on your behalf. This type of insurance is also known as creditor- or lender-placed insurance. These policies are usually more expensive and have limited coverage. Servicers are not required to purchase hazard insurance when there is no coverage to protect the house. At least 45 days before the servicer can charge you for the insurance coverage purchased on your behalf, it must notify you by mail that you need to send proof of sufficient insurance coverage (ORS 746.201). This notice will be followed by two reminders. The servicer can charge you for insurance premiums paid on your behalf, from the date your prior policy expired.

When you show proof of a homeowner insurance policy, the force-placed insurance should immediately be canceled and the servicer must refund any premiums paid for double coverage.

Many people have loan payments that include funds for insurance coverage that are deposited into an **escrow account**. If the amount in the escrow account will not cover a renewal for coverage, the servicer first should advance loan funds to pay for coverage.

Under Oregon law, the amount of unpaid property taxes or insurance premiums may be added to your loan principal and charged with the interest rate under your loan agreement.

### **About cancellation or termination of your mortgage insurance**

Most loan mortgages originated since July 29, 1999, unless you paid at least 20 percent as a down payment based on the value of the home you are purchasing, you will likely be required by the lender to add to your monthly payments for [Private Mortgage Insurance](#) coverage. This insurance covers the lender against losses in case you do not make your monthly payments or do not comply with other clauses in your loan agreement. A private mortgage insurance policy is not the same as coverage that protects the house against hazards such as fire or flood.

The Homeowner Protection Act limits how long homeowners must pay for mortgage insurance, except for some home loans insured by federal agencies. Once homeowners reach the point in which they no longer need mortgage insurance, they can request for it to be terminated. To do so, there are conditions you should meet, such as having made your loan payments as agreed. If you do not request the termination of this insurance, the lender will automatically discontinue collecting the payment for this insurance, once you have paid at least 22 percent of your original loan balance. It is also required that you are notified every year about when your mortgage insurance will be terminated. The termination of this insurance will translate into lower loan payments. Page 20 has information about [Private Mortgage Insurance](#) coverage.

## If you are struggling to make loan payments

If the loan servicer offers *loss-mitigation* options and your financial situation will not likely improve, you can submit an application for one of the options available. The servicer offering loss-mitigation options will acknowledge receipt of your application within five days (not counting Saturdays, Sundays, or legal holidays) after receiving your request. The servicer will notify you when your application is considered complete. This means no more information is needed from you to start the application review process. Your account does not need to be delinquent for you to apply, but you must show you are at risk of losing your house to foreclosure. If your application is not complete, the servicer will notify you what information is needed and of the deadlines. Send your correspondence by certified mail to the address provided. Except for the time frame allowed (account 120 days delinquent) to start a foreclosure process, *small servicers* are exempted from some of these loss-mitigation requirements.

If the servicer received your complete application at least 37 days before a scheduled foreclosure sale date, the servicer must evaluate all the options available to you to avoid foreclosure. The servicer has 30 days to complete the evaluation. Depending on the owner of your loan (*investor*), these options may help you keep your house, such as a repayment plan or a loan modification. Another option is to surrender it through a short sale or deed-in-lieu transaction. The following pages explain these options.

If the servicer denies your application to avoid foreclosure, you should receive a written notice describing the specific reasons why you were denied. You can appeal the denial if the house is not scheduled to be sold in fewer than 90 days from the date your servicer received your complete application. Servicers may start the foreclosure process – *judicial or nonjudicial* – if:

- Your loan payments were not made in more than 120 consecutive days
- You did not submit a complete application at least 37 days before a scheduled foreclosure date

- You rejected all offers available to you to avoid foreclosure
- You do not qualify for any of the options to avoid foreclosure and you have had the opportunity to appeal the decision
- You do not comply with a plan, such as a ***trial period***
- You do not comply with a clause in your loan agreement

The servicing rules prohibit a practice called “dual tracking,” which happens when a mortgage holder starts to foreclose on a home while simultaneously considering the homeowner’s application for a loan modification or other option available to avoid foreclosure.

If your loan was sold or transferred to another servicer while your application for a ***loss-mitigation plan*** was in process, or if you are in a trial payment plan, the new servicer must honor the plan as it was originally agreed with the former servicer.

A servicer will consider an application for a loss-mitigation evaluation. Even if you were previously approved for a plan, you may be eligible to apply for a loss-mitigation plan if you have difficulties making your payments. You may apply for another plan if the loan was sold or transferred to a new servicer that offers a loss-mitigation plan.

Protections are available for individuals or family members who have a legal interest in the house under certain circumstances, such as divorce or death of the borrower. The successors must provide relevant documentation. See Page 20 for a link to recent updates on requirements.

If you choose to be represented or get help from an approved housing counselor or an Oregon-licensed attorney, tell your servicer about it. Your servicer will not negotiate with a third party without your express consent. If you choose to be represented by an individual other than an attorney or a housing counselor, verify that person’s licensing with the State of Oregon. See Page 21 to seek for licensing and registration information.

## Options your servicer may have available to help you keep your home

If you get behind on your mortgage payments, you may be able to keep your home and reduce the effect on your credit rating if you confront the problem early. The most common mistake is to ignore the problem or delay action until it is too late.

If your goal is to save your house and your credit rating, immediately contact your servicer and try to negotiate a solution. Explain your willingness to commit to a payment plan until you are in a better position to resume your regular payments.

If you foresee temporary problems for reasons beyond your control, such as the loss of a job, medical emergency, or divorce, ask to speak with a staff person about a **loss-mitigation plan**. Prepare a letter explaining your situation, the reason you are facing financial problems, and why you think it could improve.

If your servicer allows it, make partial payments during this time and maintain the records; this may help your chances of reaching a permanent agreement with your servicer. Most servicers have various options before pursuing foreclosure. In most cases, these options have been established with the investors who own your loan. Following are examples of those options:

### Forbearance and repayment plans

Ask your servicer if you can temporarily reduce or suspend your monthly payments. This option may be available if, for example, you are expecting funds that will help bring your loan current or if there is a firm possibility your income will increase and your financial situation will improve. You will be asked to document these possibilities.

### Mortgage loan modification

With this option, you could request the servicer change some of the original terms of the loan. This may include the extension of the payments for a longer period of time, or the interest rate can be changed to a lower rate or converted into a fixed rate to make your mortgage payments lower or more stable. You may first be required to successfully pass a **trial period** before you are permanently approved.

If approved, carefully review the documents before you sign them, so you understand the conditions. Have an attorney or housing counselor review them with you to make sure you understand what they contain.

Find out if you qualify for a loan modification under the “Making Home Affordable Program.” For program information, see Page 22 in the resources section.

### **Partial claim**

If you are paying Private Mortgage Insurance, your loan insurer may consider helping by lending you money to pay for the late payments and late fees. Contact your servicer or insurer to ask if you qualify, and how it will be repaid. FHA and VA loans have their own guidelines for help under this option.

### **Pre-foreclosure or short sale**

If you owe more than what your house is worth, the servicer may allow you to sell the house and accept a lower amount than what you owe, before the house is foreclosed upon. Ask the servicer if there will be a **deficiency judgment** – the amount uncovered after the sale of the house – filed against you for the difference. Ask for a written agreement clarifying the status of a deficiency, if any.

**A word of caution about companies or individuals offering short-sales services** — Oregon law requires that an individual or company offering you help for this and other possible solutions to avoid foreclosure must be registered as a debt management services provider or as a licensed loan originator. While licensed real estate brokers are exempted to help homeowners with short sale transactions, Oregon law restricts some fees and commissions when listing the house for sale. Others offering to negotiate with servicers about possible solutions are limited in how much they can charge and other requirements they must meet. The Division of Financial Regulation has a publication “Need help with your debt?” with detailed information.

## Deed-in-lieu of foreclosure

If you have unsuccessfully exhausted all the above options, you may be able to “give back” your house to the servicer by surrendering the title of your house and avoid foreclosure.

Also, some servicers may offer you money to move out of the house, commonly known as “cash-for-keys.”

Usually, the servicer will expect you to leave the house in good condition. If you choose to accept this money, ask for a document about any present or future conditions for accepting the money.

**Important:** A loan modification or any of the other solutions above may also have a negative effect on your credit score. If your servicer agrees to settle the debt before foreclosure or if the house is foreclosed upon, it is important to talk to a tax advisor.

## Foreclosure: What and when it happens

There are two types of foreclosure processes in Oregon that servicers can use when a mortgage loan is in **default** — judicial and nonjudicial.

With certain exceptions, Oregon laws require financial institutions to request a face-to-face meeting with the homeowner before starting either foreclosure process. This meeting is also known as the resolution conference under the Foreclosure Avoidance Program. For information about [Oregon’s Foreclosure Avoidance Program](#).

In a **judicial** foreclosure, the servicer or a representative acting on its behalf takes you to court to recover the money you owe by selling the house. In a real estate judicial foreclosure, there are some restrictions about the amount of money you can be sued for. If you receive a **Notice of Hearing** or any notice to appear in court regarding the sale of your property, **immediately** contact an attorney. See the resources section for contact information for the [Lawyer Referral Service](#). Before you receive this Notice of Hearing, your servicer may send you a notification informing you of its intention to start the foreclosure process.

The judicial process starts when the servicer or its representative requests the circuit court authorize the sheriff to conduct the sale of the house. To allow the sale, the court must first give the homeowner

the opportunity to be present at the hearing. After the request to the court, the homeowner will be served with a new notification at least 10 days before the hearing with a “NOTICE OF HEARING ON SHERIFF’S SALE OF YOUR PROPERTY.”

The notice, or summons, will also be sent by first-class mail to the property address. The notice will include the name of the servicer asking for the property’s sale, the property address, the reason for the request, and the time and location of the hearing. The judge will decide if the servicer is entitled to have the house sold.

One important difference in a judicial foreclosure, after the sale of the property, is the right of the former homeowner to repurchase the house within 180 days, known as the *redemption period*. The redemption rights do not give the former homeowner the right to continue living in the house, unless there is a mutual agreement to do so. To redeem the house within this period, the former homeowner, following a formal notification process, must notify the new owner of that intention. The former homeowner must pay the new owner, whether a person or the financial institution, the amount paid at the sheriff’s sale to purchase the house, including applicable interest. The total amount to redeem the property may also include payments made by the purchaser for property taxes, insurance, and other expenses to maintain the house in good condition.

In the *nonjudicial* process, in which the document securing the loan is also a *Deed of Trust*, with a power of sale given to the trustee, the parties involved are the “beneficiary,” which is the financial institution or investor you owe the money to; the “trustee,” which is the neutral third party to whom you conveyed or “transferred” temporarily the title of your house to be held in trust until your loan is paid off; and you as a borrower or “*grantor*.” This process applies to owner-occupied, one-to-four unit, single-family dwellings.

A nonjudicial process of foreclosure by “advertisement and sale” commonly starts if you are in *default* by not making your mortgage payments as agreed and they have been continuously late. After trying to contact you to bring your mortgage payments current, the financial institution collecting your payments will give instructions to the trustee to start the foreclosure

process or, in lending jargon, “accelerate” the loan. After complying with the requirements before starting the foreclosure process, the trustee will file a **Notice of Default** in the county records where the house is located. When the notice of default is recorded, the foreclosure process becomes public information and takes approximately 120 to 180 days until the house is sold or transferred. Immediately after the filing of the notice of default, the trustee will send a **Notice of Trustee’s Sale** or **Trustee’s Notice of Sale** to you and all parties with an interest in the property.

You have the right to reinstate your loan by bringing your loan current, in addition to paying the late fees and the expenses to foreclose. Do this no later than five days before the house’s sale (auction date) if the process is nonjudicial. If, after exhausting all your options, you were not able to reach an agreement with the servicer to save your house and unless the servicer decides to postpone the sale, the trustee will conduct a trustee’s sale at the place and time noted on the Trustee’s Notice of Sale. Oregon law allows a postponement of the sale for up to 180 days.

Oregon law requires trustees to provide homeowners additional notifications. One is the “NOTICE: YOU ARE IN DANGER OF LOSING YOUR PROPERTY IF YOU DO NOT TAKE ACTION IMMEDIATELY.”

Trustees must provide this notification to the homeowner at the same time or before the required notification that the house is in pre-foreclosure.

The purpose of this notice is to promptly and clearly notify homeowners who occupy the property as their primary residence about the risk of losing their home and, if possible, what they can do to try to save their home. The notification also must include a toll-free number homeowners can call to get information about approved nonprofit providers of foreclosure prevention counseling programs. The notice also includes contact information for the Oregon State Bar’s Lawyer Referral Service if you decide to hire a lawyer. There are programs available for low income homeowners.

## Making Home Affordable Program

The federal Making Home Affordable Program includes programs for homeowners who occupy their houses and use them as their primary residence. The **Home Affordable Modification Program (HAMP)**, the **Home Affordable Refinance Program (HARP)**, the **Home Affordable Foreclosure Alternative (HAFA)**, and other relief programs have other conditions homeowners must meet to qualify.

**Note:** Except for the HARP option, scheduled to expire in September, 2017, this program will be discontinued at the end of 2016. Servicers will still be able to offer other foreclosure avoidance programs, following investors' guidelines.

## Other options

For homeowners age 62 or older, another option may be a loan program called reverse mortgage. The most common is the Home Equity Conversion Mortgage (HECM), administered by the Federal Housing Administration. This type of loan, unlike a regular mortgage, does not have to be paid back unless the house is no longer occupied as the primary residence or is sold. Seek counseling from a government-approved counselor to help you decide if this is the right loan for you before you talk to a reverse mortgage lender. See the resources section about how to find a HUD-approved nonprofit organization near you that offers counseling on a reverse mortgage.

## Beware of foreclosure scams

Scammers can cause you to lose your home and the equity you have built and damage your credit. At a minimum, find out if these companies or individuals are either registered or licensed to offer their services in Oregon if they are in-state or out-of-state companies or individuals. See the resources section to find out about companies licensed to operate in Oregon.

Many scammers contact homeowners offering to "save" their house. Information about your property is public record and accessible by anyone. In addition to the information recorded with the county when you bought your house, notifications of default filed by the

servicer or a lien holder, or if the house is subject to an auction or to be foreclosed, are all public record. Scammers can use this information to take advantage of homeowners in distress.

Some homeowners facing foreclosure may respond to ads offering to pay cash immediately for houses. Although this sounds like a quick solution, it may not be the right option if your ultimate goal is to keep your home. Be careful; many of these offers may also be scams.

The scams vary depending on what the scammer is trying to obtain. For example:

- Scammers advertise their services to negotiate with the servicer on behalf of the homeowner to save the house. They often collect high upfront fees, which are illegal in Oregon, and tell the homeowner not to contact the servicer so the negotiation process will not be “disrupted.” Most scammers do little or nothing to help homeowners, and they often disappear with the money or no longer can be contacted. The most common abuse to homeowners is when they are seeking help to apply for loan modifications. The scammers claim they have “secret techniques” or “strategies” to convince the servicer to modify a loan. The scammers may ask to be paid in cash or other form of payment, which includes access to your financial information, and then they disappear or no longer respond to phone calls.
- In other cases, scammers convince the homeowner to convey or give up the house’s title with the promise to return the house after it has been taken out of the foreclosure process. Scammers commonly pay the homeowner an amount significantly less than the home’s real value. In some cases, the deal includes a rental agreement in which the homeowner pays rent that can be more than the original mortgage payment. The homeowner is still responsible for the payment of taxes, insurance, and other obligations as if nothing has changed, except for the ownership of the house. The scammer can evict the homeowner if he or she does not pay the rent.

- Some scammers claim to help homeowners save their house by refinancing the loan in default. They ask the homeowner to sign papers that appear to be refinancing or lease-to-buy agreements. But, in most cases, the documents give the scammer the title of the house.
- Other scammers ask for the mortgage payments to be sent to them instead of the servicer. They do not send the payments to the servicer and disappear with the money collected.

**Remember**, if you are a victim of a scammer, you may not be only paying them high upfront fees, but also exposing your financial information, including Social Security numbers, bank accounts, and other sensitive information, which can lead to identity theft.

After verifying Oregon licensing requirements, carefully review all documents before signing them.

## Resources\*

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### **Loan Estimate (LE) and Closing Disclosure (CD) samples:**

LE: [http://files.consumerfinance.gov/f/201403\\_cfpb\\_loan-estimate\\_fixed-rate-loan-sample-H24B.pdf](http://files.consumerfinance.gov/f/201403_cfpb_loan-estimate_fixed-rate-loan-sample-H24B.pdf)

CD: [http://files.consumerfinance.gov/f/201403\\_cfpb\\_closing-disclosure\\_cover-H25B.pdf](http://files.consumerfinance.gov/f/201403_cfpb_closing-disclosure_cover-H25B.pdf)

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### **Property tax deferral programs:**

Department of Revenue – 503-378-4988

<http://www.oregon.gov/DOR/programs/property/Pages/deferral.aspx>

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### **Real property foreclosure (unpaid property taxes):**

<https://www.oregon.gov/DOR/forms/Forms-Pubs/310-671.pdf>

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### **CFPB's Help for Struggling Borrowers:**

[http://files.consumerfinance.gov/f/201312\\_cfpb\\_mortgages\\_help-for-struggling-borrowers.pdf](http://files.consumerfinance.gov/f/201312_cfpb_mortgages_help-for-struggling-borrowers.pdf)

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### **Construction or “mechanic’s” liens:**

Construction Contractors Board – 503-378-4621

<https://www.oregon.gov/CCB/Documents/pdf/constructionlienspamplet.pdf>

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### **Federal tax liens:**

IRS – 888-297-8685

[www.irs.gov/businesses/small/article/0,,id=108339,00.html#Notice](http://www.irs.gov/businesses/small/article/0,,id=108339,00.html#Notice)

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### **Mortgage servicing information:**

For FHA loans

Department of Housing and Urban Development (HUD) National Servicing Center – 888-297-8685

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/nsc](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/nsc)

\* We make every effort to ensure these external links are accurate. Please refer to the provider entity if you find a link that is no longer active.

Servicing Information from the Consumer Financial Protection Bureau

<http://www.consumerfinance.gov/askcfpb/198/whats-the-difference-between-a-mortgage-lender-and-a-servicer.html>

If your loan is handled by a servicer within the MERS system

<https://www.mers-servicerid.org>

Fair Debt Collection Practices

<https://www.consumer.ftc.gov/articles/0149-debt-collection>

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### **CFPB servicing sample letters:**

To correct errors:

[http://files.consumerfinance.gov/f/201401\\_cfpb\\_mortgage\\_request-error-resolution.pdf](http://files.consumerfinance.gov/f/201401_cfpb_mortgage_request-error-resolution.pdf)

To request information about the servicing of your loan:

[http://files.consumerfinance.gov/f/201401\\_cfpb\\_mortgage\\_request-information-servicer.pdf](http://files.consumerfinance.gov/f/201401_cfpb_mortgage_request-information-servicer.pdf)

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### **Private Mortgage Insurance:**

<http://www.consumerfinance.gov/askcfpb/122/what-is-private-mortgage-insurance.html>

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### **Oregon Foreclosure Avoidance Program:**

Oregon Department of Justice

[www.foreclosuremediationor.org](http://www.foreclosuremediationor.org)

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### **Nonprofit Foreclosure Prevention counseling agencies:**

<http://www.oregon.gov/DCBS/foreclosure/Pages/counselors.aspx>

2-1-1

[www.211info.org](http://www.211info.org)

National foreclosure hotline

888-995-HOPE, 888-995-4673

HOPE Loan Portal

<http://www.hopenow.com>

**Other housing services:**

Oregon Housing and Community Services Agency

<http://www.oregon.gov/ohcs/Pages/housing-assistance-in-oregon.aspx>

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**Lawyer Referral Services:**

Oregon State Bar Association – 800-452-7636

<http://www.osbar.org/public/ris/ris.html#referral>

Legal Aid Services of Oregon

<http://www.lawhelp.org/program/694/index.cfm>

Oregon Law Center

<http://www.oregonlawcenter.org>

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**Licensing and registration:**

Registered debt management service providers

Oregon Division of Financial Regulation

[http://www4.cbs.state.or.us/ex/all/mylicsearch/index.cfm?fuseaction=main.show\\_main&group\\_id=20&profession\\_id=22&profession\\_sub\\_id=22003](http://www4.cbs.state.or.us/ex/all/mylicsearch/index.cfm?fuseaction=main.show_main&group_id=20&profession_id=22&profession_sub_id=22003)

Licensed mortgage companies and loan originators

[www.NMLSconsumeraccess.org](http://www.NMLSconsumeraccess.org)

Your rights when hiring for-profit companies

Federal Trade Commission

<http://www.ftc.gov/opa/2010/11/mars.shtm>

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**Filing complaints:**

Debt management companies, Oregon-licensed loan originators, and state-chartered financial institutions

Oregon Division of Financial Regulation

866-814-9710

<http://www4.cbs.state.or.us/ex/dfcs/complaint/index.cfm?fuseaction=home.english>

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**Consumer Financial Protection Bureau:**

<http://www.consumerfinance.gov/complaint>

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**National banks:**

Office of the Comptroller of the

Currency – 800-613-6743

[www.helpwithmybank.gov](http://www.helpwithmybank.gov)

**Federal credit unions:**

National Credit Union Administration

<http://www.mycreditunion.gov/consumer-assistance-center/Pages/default.aspx>

**Federal Trade Commission:**

<https://www.ftccomplaintassistant.gov>

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**Bank members of the Federal Reserve System:**

Federal Reserve Board – 888-851-1920

<http://www.federalreserveconsumerhelp.gov/>

Federally insured state banks not members of the Federal Reserve System – 877-275-3342

<https://www2.fdic.gov/starsmail/index.asp>

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**Assistance programs:**

Making Home Affordable Program (scheduled to be discontinued on December, 2016)

<http://www.makinghomeaffordable.gov>

Oregon Homeownership Stabilization Program

<http://www.oregonhomeownerhelp.org/>

Reverse mortgages

FHA Home Equity Conversion Mortgage (HECM)

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/hecm/rmtopten](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hecm/rmtopten)

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**Oregon foreclosure laws and bills:**

<http://www.oregon.gov/DCBS/foreclosure/Pages/laws.aspx?wb48617274=5DFE92FC>

Judgments: ORS Chapter 18

Mortgages, trust deeds: ORS Chapter 86

Statutory liens: ORS Chapter 87

Foreclosure of mortgages and other liens:  
ORS Chapter 88

Foreclosure of property tax liens:  
ORS Chapter 312

## Glossary

**Deed of trust:** In Oregon, a home loan debt is often secured by a deed of trust rather than a mortgage, which means there is a neutral third party called a trustee. If the borrower does not make the mortgage payments, the servicer will instruct the trustee to sell the property, thru a nonjudicial process, to pay off the debt. This document is also known as the security instrument. (ORS 86.705)

**Default:** In the foreclosure process, a default is a failure to meet one or more of the contract terms from when the mortgage loan was obtained.

**Deficiency judgment or deficiency claim:** If a home is sold through foreclosure or a short-sale transaction for less than the amount the borrower owes, the balance is the deficiency. In some cases, servicers may pursue borrowers to collect the deficiency. Under certain circumstances affecting the lien or liens, Oregon law does not allow deficiency judgments if the house or dwelling was intended to be occupied as a primary residence when the lien was recorded. (ORS 86.797)

**Escrow account:** A type of account administered by the lender/servicer into which the borrower's funds are deposited to pay for property taxes, insurance premiums, and, in some cases, homeowners' association dues. Oregon law allows servicers to collect enough funds for property tax reserves for two months more than the actual amount needed. (ORS 86.240)

**Forbearance:** A forbearance is an agreement by which the servicers will either temporarily suspend or reduce payments. Forbearances are generally used to address situations that are short term in nature. Servicers may be willing to work with you on a payment plan, which can temporarily help you until you are in a better financial situation in the near future. This could include expected settlements or tax returns. Your new structured payments may be higher enough to pay the amount in arrears.

**Investor:** Mortgage loans are usually sold to private investors as soon as they are funded; the lender from whom you got your loan to buy your house no longer owns it. The most common buyers of mortgage loans are companies such as Fannie Mae and Freddie Mac. Investors create conditions about how and when they may accept loss-mitigation programs for the loans they buy. An investor is different from a servicer.

**Judicial vs. nonjudicial foreclosure:** A judicial foreclosure is the process of taking the house by going to a judge as a lawsuit against the homeowner (ORS 88.010). A nonjudicial foreclosure does not go to court and is not heard by a judge. If your “deed of trust” document has a power-of-sale clause, the trustee representing the servicer can initiate a nonjudicial process in a foreclosure by advertisement and sale process. (ORS 86.752)

**Lien:** A hold or a claim placed on a property to secure the payment of a debt or other obligation. (ORS Chapter 87)

**Loan Estimate:** This required loan disclosure will be provided to you by your lender within three days after applying for a mortgage loan. In addition to information about the terms of your loan, it will inform you whether your loan will be sold or transferred to another company. The transferring of your loan will not alter the original loan terms.

**Loss mitigation:** Most lenders and servicers have a department in charge of mitigating losses to the investor when the borrower does not make the loan payment as agreed or incur in other default under the note. Your loan documents (Deed of Trust/mortgage and Note) include information about defaulting on your loan and available remedies.

**Mechanic’s or construction lien:** This type of lien can be placed by anyone who made an improvement or provided materials for your house if they have not been paid for their work. Subcontractors or laborers can place a lien on your house as well. Contact the Construction Contractors Board to learn about your rights. [oregon.gov/CCB/homeowner/Pages/liens.aspx](http://oregon.gov/CCB/homeowner/Pages/liens.aspx)

**Note or promissory note:** This document has the details and conditions under which you borrowed the money to buy your house. The note includes the amount of money you borrowed, the interest rate, the amount of your payments, when they are due, the grace period, late fees and if the servicer would accept partial payments, and how these would be credited against your account.

**Notice of Default:** In a nonjudicial foreclosure, a notification filed by the trustee in the county or counties where the house is located, following instructions from the lender/servicer after unsuccessfully trying to collect the monthly mortgage payments. (ORS 86.752)

**Notice of Hearing:** Oregon law requires the servicer or its representative to notify the homeowner of a hearing about the sale of the house to satisfy the debt. (ORS 18.908) and (ORCP 7)

**Notice of Trustee Sale:** Also known as Trustee's Notice of Sale, it is the official notification to the homeowner that the servicer chose to start the foreclosure process. Oregon requires more forms to be sent to warn of the risk of losing the home. (ORS 86.771)

**Private mortgage insurance:** This insurance covers the lender against losses in case you do not make your monthly payments or do not comply with other clause in your loan agreement.

**Qualified Written Request:** Section 6 of the Real Estate Procedures Act (RESPA) gives borrowers the right to send to the servicer a [written request](#) to ask about the servicing of a loan or to request the correction of errors. Servicers must acknowledge receipt of written requests within five days (not counting Saturdays, Sundays, or legal holidays) and respond with the investigation results within 30 to 45 days after receiving written requests.

**Redemption and redemption period:** Homeowners whose house was sold by the sheriff under the court's authorization have the right to repurchase within 180 days. (ORS 18.960)

**Servicer:** A lender, mortgage company, or similar financial institution in charge of collecting and recording mortgage payments, negotiate possible solutions to foreclosure, or supervise a foreclosure process in case the borrower defaults on the loan or loans secured by the property. A *small servicer* is a company that services no more than 5,000 qualified loans, which were originated by the same company or through its subsidiaries. A housing finance agency is also considered a small servicer and exempted from some of the servicing rules.

**Suspense account:** A noninterest-bearing account established temporarily to deposit the loan payments while these are subject to analysis because of discrepancies, usually because of the amount received from the borrower.

**Trial period:** If you are eligible for a foreclosure avoidance plan, you will be put on a trial period to demonstrate that you are able to make your monthly payments. If you meet the conditional period, you maybe approved for a permanent payment plan, such as a loan modification.

**Trustee's sale:** The trustee, following instructions from the lender/servicer, conducts the auction of the property as noted in the Trustee's Notice of Sale. If the property is sold to a bidder or transferred back to the bank, the trustee delivers the title to its new owner within 10 days after the sale date. The new owner is entitled to take possession of the property on the 10th day after the sale date. (ORS 86.782)

**Writ of execution:** A court order to authorize the sheriff to take possession of a house and sell it to recover the money owed to the creditor. (ORS 18.860)

## Do's

- ☑ Do establish an emergency fund.
- ☑ Do make sure your payments are credited/posted properly. Review your statements when you receive them.
- ☑ Do contact your servicer as soon as you foresee difficulties in making your loan payments.
- ☑ Do seek the help of an approved counselor or an attorney as soon as possible if you receive notifications your house is or will be in foreclosure.
- ☑ Do make sure any for-profit company or individual you are seeking help from is registered or licensed in Oregon.
- ☑ Do talk to a tax adviser if your servicer forecloses on your house. The foreclosure may affect your tax filings if the house sells for less than the amount you owe on your mortgage.
- ☑ Do open your servicer's notices immediately and, if required, send the requested information in a timely manner.
- ☑ Do keep your records and be sure to provide the information to your servicer if you are responsible for paying your taxes and insurance.

## Don'ts

- ☑ Don't overuse your equity to consolidate other debt.
- ☑ Don't ignore late payment notifications from your servicer.
- ☑ Don't respond to offers in the mail or media offering good deals to refinance or to modify your loan.
- ☑ Don't give direct access to your bank accounts or give your personal identification number.
- ☑ Don't sign any documents you don't understand and don't pay money in advance.
- ☑ Don't respond to offers to "save" your house.
- ☑ Don't give away the title of your house without first consulting with an attorney.

# Notes



Oregon Department of  
Consumer and Business Services  
**Division of Financial Regulation**

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