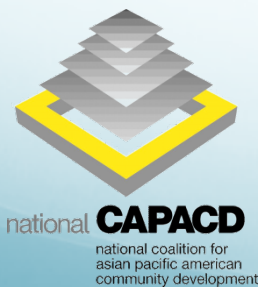


Home Ownership Counseling: Realizing the Guamanian Dream



AGENDA

- ***Achieving the Guamanian Dream***
 - (Pre-Purchase Home Counseling)
- ***Sustaining the Guamanian Dream***
 - (Post-Purchase Home Counseling)
- ***Saving the Guamanian Dream***
 - (Foreclosure Prevention Counseling)

Achieving the Guamanian Dream

**Pre-Purchase
Home Counseling**

Pre-Purchase Overview

- Minimum 8-hour Course
- Pre-program Assessment Test
- Post-program Assessment Test

Pre-Purchase Home Counseling

- Are you Ready to Buy a Home?
- Managing your Money
- Understanding Credit
- Obtaining a Mortgage Loan
- Shopping for a Home
- Protecting Your Investment

Are you Ready to Buy a Home?

- Is owning a home right for you?
- How you buy a home
- Your homeownership team
- Mortgage payment and other costs
- How much you can afford
- Qualifying ratios

Managing your Money



- Planning how to spend your money
- Developing and making a spending plan to meet your goals
- The importance of saving
- Getting help

Understanding Credit

- Your credit rating
- Credit reporting agencies and credit reports
- What is a credit score?
- Improving your credit record

Understanding Credit (Cont'd)



- Lack of credit history
- Managing debts
- Identity theft
- Know your rights

Obtaining a Mortgage Loan



- Mortgage loan basics
- Who can get a mortgage loan?
- Affordability and you
- How much will a lender lend you?
- Shopping for the right lender and product

Obtaining a Mortgage Loan (Cont'd)



- Strategies for finding the right lender and loan product
- Working with a lender
- Steps the lender takes to approve your loan
- Your rights as a loan customer

Shopping for a Home



- Steps in the home buying process
- Your home buying team
- Finding the right neighborhood
- Types of homes and ownership
- Finding your dream house

Shopping for a Home (Cont'd)



- **House hunting**
- **Buying your home**
- **Purchase and sale**
- **Escrow**
- **Closing**

Protecting Your Investment



- **Getting to know your home**
- **Assuring home safety**
- **Saving energy and money**
- **Preventive maintenance and minor repairs**
- **Remodeling and major repairs**
- **Investing in your neighborhood**

Protecting Your Investment (Cont'd)



- **Asset building**
- **Keeping records**
- **Taxes and insurance**
- **Protecting your equity**
- **Prepaying your mortgage**
- **Coping with hardship**

Sustaining the Guamanian Dream

**Post-Purchase
Home Counseling**



Post-Purchase Home Counseling

- Financial Management
- Home Maintenance
- Successful Programs

Post-Purchase Home Counseling

National Foundation for Credit Counseling's 2010 Consumer Financial Literacy Survey:

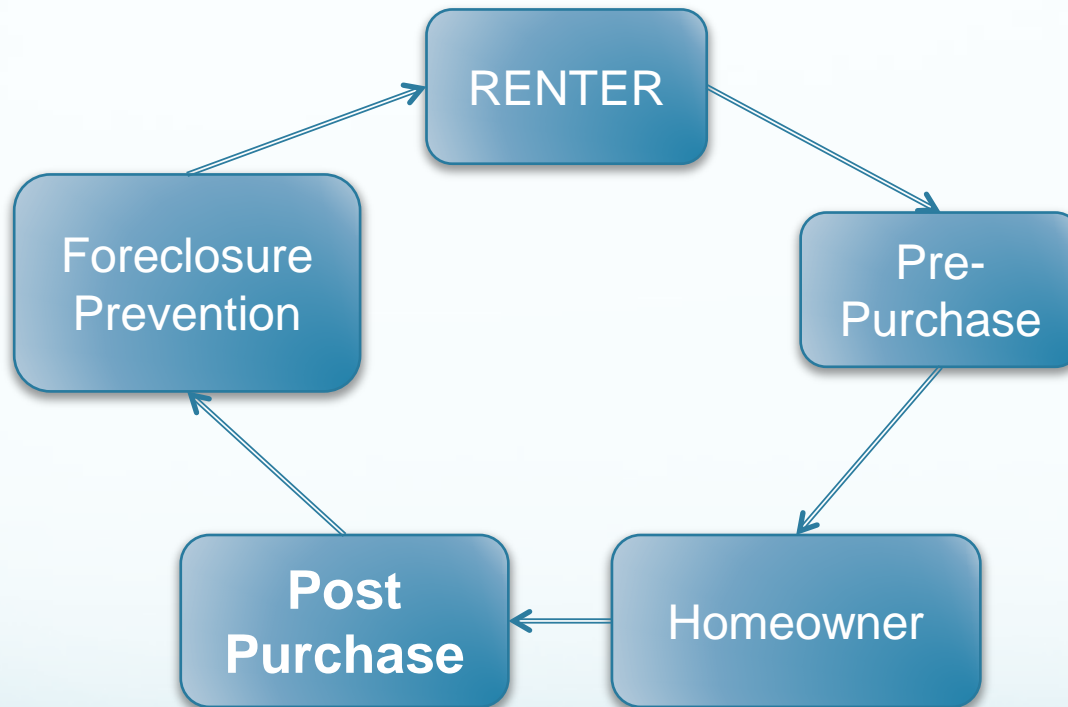
- 34% gave themselves a C, D, or F on their knowledge of personal finance.
- 56% did not use a budget to guide spending
- 30% reported having no discretionary or emergency savings
- 28% admitted not paying all their bills on time.



Sustaining Financial Health Program

Financial skills workshop for
homeowners.

Post-Purchase Ed in the home ownership education cycle:



Sustaining Financial Health Agenda

SESSION 1 : BANKING, SAVINGS AND DEBT

- Identity Theft Prevention
- Pay yourself first - Strategies to reduce spending & increase savings
- Saving for Home Repairs/Maintenance, Financial Goals and the Unexpected
- Importance of good Debt Ratios - how to determine ratios

SESSION 2 : BUDGETING & CREDIT

- Revising budgets – identifying & prioritizing financial goals
- How does credit affect us? Repairing and Maintaining Good Credit

SESSION 3 : BORROW SMART

- Avoiding Predators – How to avoid scams – shop safely for loans
- Your rights as a Consumer - How and when to hire a contractor
- Foreclosure Prevention - don't jeopardize your home

SESSION 4 : KEEP YOUR MORTGAGE HEALTHY

- Refinance vs. Home Equity – does it make sense? is it right for you?
- Don't forget your property Taxes and Homeowner's Insurance – STAR
- Guest speaker – Representatives from Lenders**

SESSION 5 : PROTECT YOUR ASSETS

- Mortgage, Disability and Life Insurance – what is the difference?
- Wills, Trusts, Living Will, Health Proxy and Estate Planning
- Building Equity – home maintenance, community involvement
- Legal issues of homeownership
- Guest speakers – Attorney, Insurance Representative**



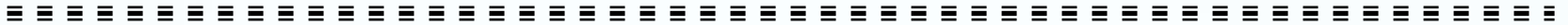
Home Maintenance Training Program

Program Goals:

- improve communities
- build skills – tool usage, resource usage, safety
- increase self confidence
- encourage savings
- create awareness of ability, techniques, tools and budgets needed to accomplish tasks/repairs

Micronesia Community Development Corporation
Home Maintenance Training Program

sponsored by
Home Depot



AGENDA

Doors open at 6:30 p.m. – Class starts at **7:00 p.m.** – ends at **9:30 p.m.**

- ❖ **Welcome Evening** – Intro to Program and shop tools. Miscellaneous demos, small household repairs.
- ❖ **Sheetrock** – Hang/Replace drywall. How to tape & spackle, fix holes/patch, prep surface for wall covering or painting.
- ❖ **Sheetrock (continued) and Painting & wallpapering (brief demo)** –Tape & spackle continued. Painting methods and wallpaper removal/replacement methods.
- ❖ **Basic Plumbing** – Learn how your system operates and how to replace/repair faucets, sinks, toilets.
- ❖ **Basic Electrical Repair** – Learn basics of electrical safety, how to replace/install common fixtures, switches, outlets.
- ❖ **Ceramic Tile** – How to plan, layout, install and repair wall tiles.
- ❖ **Ceramic Tile (continued) and Sweating Copper Pipe** – Grouting ceramic tile. Attendees will learn how to sweat/replace leaking pipes/fittings and supply lines.
- ❖ **Graduation Night** –Completion of projects from previous classes and how to maintain miscellaneous items around your home. Questions? & Answers!

All tools required will be demonstrated. Classes are subject to change.

General Home Maintenance

- Changing out a door knob
- Fixing a hole in the wall
- Wobbly ceiling fan
- Prepping and painting a room

Did you know:

Wood or Vinyl floors? BEWARE OF HIGH HEELS!

A 110-lb woman wearing high heels exerts 1,000 pounds of pressure per square inch, which can crack and damage floors!



National
NeighborWorks
Week

June 7-14, 2003

NHSA
Home
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Home Maintenance Training Program

COMMUNITY DEVELOPMENT CORPORATION OF LONG ISLAND, INC.

a program of the NeighborWorks® HomeOwnership Center



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Home Maintenance Training Program



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Home Maintenance Training Program
Department of the Secretary of State's Workforce Training Center

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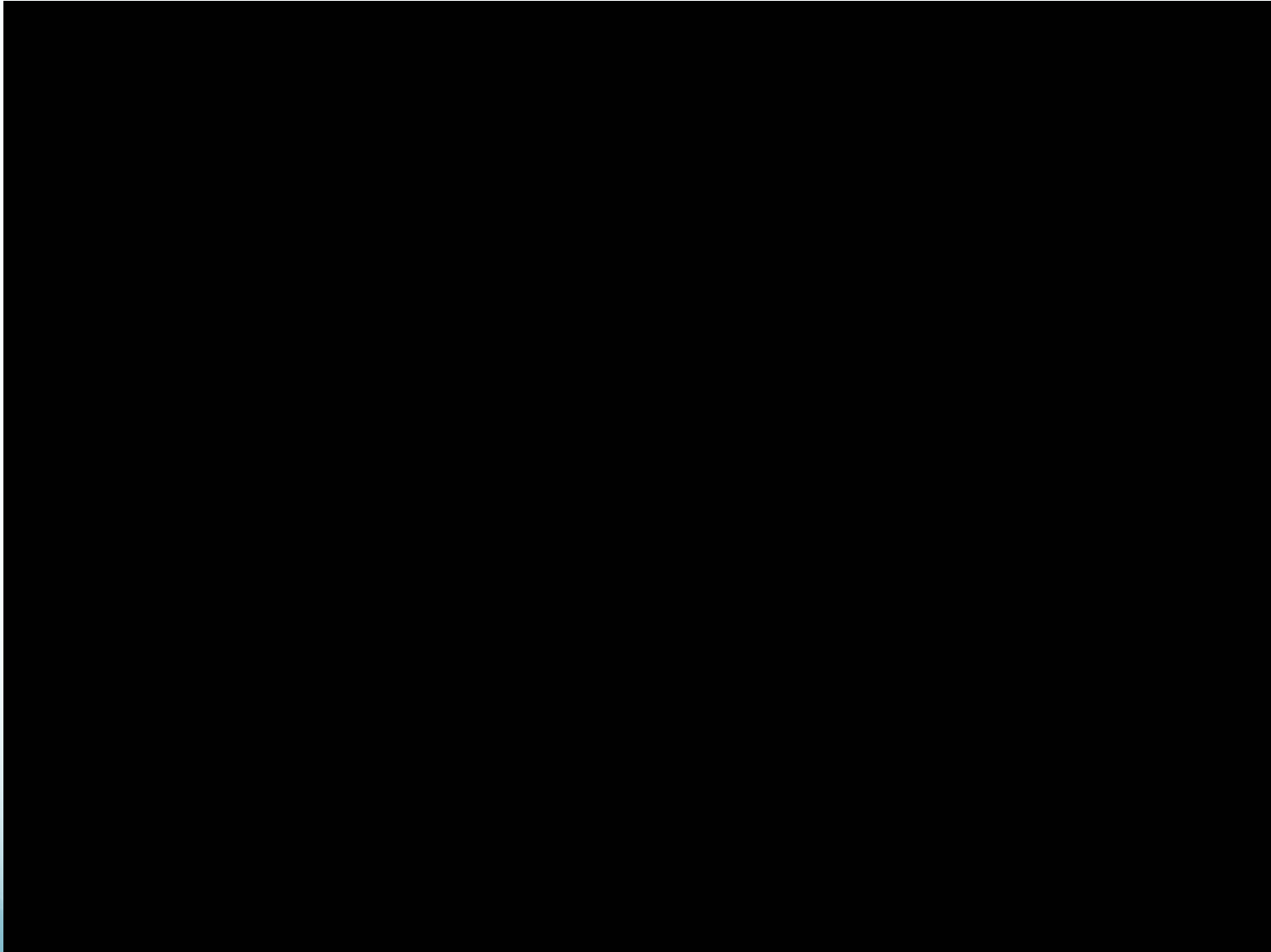
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Home Maintenance Training Program
POSYN





Saving the Guamanian Dream
Foreclosure Prevention
Counseling



The Home Affordability and Stability Plan

- Home Affordable Refinance (HARP)
- Home Affordable Loan Modification (HAMP)
- Home Affordable Foreclosure Alternative (HAFA)
- 2MP (Second Mortgage Modification)
- FHA-Home Affordable Modification Program
- USDA Special Loan Servicing
- Veteran's Affairs Home Affordable Modification (VA-HAMP)

Home Affordable Refinance Program (HARP)

- Goal of this program is to assist homeowners who are currently locked out of the re-fi process due to declining home values
- For a regular refinance in today's market, lenders are requiring loan-to-value (LTV) of no more than 70-75%. This program allows a refinance at 125% LTV. (effective mid-October – 2009)
- Interest Rate is based on current market rate - around 5%

HARP Eligibility

- Owner Occupied
- Must have sufficient income to support loan
- 1st mortgage cannot exceed 125% of current value
- Total Debt (2nd Mort.) **can** exceed 125%, as long as the junior liens will subordinate to the new re-fi loan
- No Cash Out
- Mortgage must be current for last 12 months
- Deadline for Program extended until December 2013

Home Affordable Modification Program (HAMP)

- Many loans are eligible, depending on Servicer and Investor participation.
- Main goal of this program is to help borrower stay in their home and get current on their payments by:
 - Lowering interest rate
 - Extending the term of the loan in order to lower monthly payments
 - Adding arrearages to the end of the loan (capitalize arrearages)

HAMP Eligibility

- Owner Occupied
- Current Mortgage Payment exceeds 31% of Gross Income
- Needs to be Delinquent
- If not currently Delinquent, Must provide proof of Imminent Default
 - *Death of a borrower or co-borrower*
 - *Long-term or permanent disability or illness of borrower, co-borrower or dependent family member*
 - *Legally documented divorce or separation of the borrower and co-borrower*
 - *Separation borrowers unrelated by marriage, civil union, or similar domestic partnership under applicable law*
- Must have “hardship” that is involuntary (loss of Income/Increased Medical Expenses)

How does the lender figure out the terms of the modified loan?

- Must lower total house payment to 31% of Gross Monthly Income by one or more of the following:
 - Interest rate reduction (floor of 2%)
 - Amortization (maximum of 40 years)
 - Principal Forbearance

In addition...

- Lenders are **not allowed** to charge fees
- A trial modification will be established for approximately 3 months. If borrowers make all of their payments on time, the modification may become permanent
- After 5 years, if the modified rate is below the market rate, it will “step up” a maximum of 1%/year until it reaches the market rate for the year it was created

For Example:

Beginning Rate at Modification:	2%	Years 1 through 5
Step Up Rate:	3%	Year 6
Step Up Rate	4%	Year 7
Final Fixed Rate:	5%	Years 8 through 30

Home Affordable Foreclosure Alternative (HAFA)

- HAMP Eligible
- Short sale must be an Arm's length transaction
- Homeowner must provide marketable title
- No deficiency against the borrower
- An IRS form 1099 will be issued for loss associated with transaction
- Deed in Lieu

2MP

(Second Mortgage Modification)

- Second Lien with Corresponding First Liens that have been modified by HAMP
- Second Liens Originated before January 1, 2009
- Second Liens with unpaid principal balance equal to or greater than \$5,000 and a pre-modification schedule monthly payment equal to or greater than \$100
- Servicer/Investor participates in 2Mp

FHA HAMP Eligibility

- FHA mortgages must be less than 12 months delinquent
- Partial Claim may go up to 30% of principal balance
- Loan must be at least 12 months old.
- Total debt to income ratio cannot be greater than 55%
- Primary residence only

USDA Special Loan Servicing

- USDA offer programs for rural homeowners to lower their monthly mortgage payment to no more than 31 percent of their verified monthly gross (pre-tax) income— making monthly mortgage payments more affordable.
- If you have a loan that is guaranteed by the United States Department of Agriculture's (USDA) Section 502 Single Family Housing Guaranteed Loan Program, you may be eligible for a program through that government agency

Veteran's Affairs Home Affordable Modification (VA-HAMP)

- VA offer programs for struggling homeowners that strive to lower your monthly mortgage payment to 31 percent of your verified monthly gross (pre-tax) income — making monthly mortgage payments much more affordable.
- If you have a loan that is insured or guaranteed by the Department of Veterans Affairs (VA), you may be eligible for a program through that government agency

USDA's and Veteran Affairs Verified Monthly Gross (pre-tax) Income

- Amount of Money earned or received each month before taxes and any payroll deductions are taken out as confirmed by your check stubs and other Income Documentation

USDA's Verified Monthly Gross (pre-tax) Income

- Amount of Money earned or received each month before taxes and any payroll deductions are taken out as confirmed by your check stubs and other Income Documentation

For H4HH Programs -All lenders will require a “workout” package.

- Documents required include:
 - Making Home Affordable modification request
 - A hardship letter – See “tip sheet” in packet
 - Financial Worksheet (specific to servicer)
 - Verification of household income (i.e. 2 months pay stubs, W-2’s, 1099’s, award letters from SS/pension)
 - Bank Statements – 2 most recent months
 - Tax returns – Last two years – all attachments

Some lenders may also require signed 4506-T form, proof of occupancy, such as a utility bill, and a copy of the front and back of your driver’s license or state ID card.

To Determine if your loan is eligible for a Home Affordable Refinance or Modification:

(FANNIE MAE AND FREDDIE MAC ONLY)

1 800 7FANNIE (8am-8pm)

www.fanniemae.com/homeaffordable

1 800 FREDDIE (8am-8pm)

www.freddiemac.com/avoidforeclosure

To Request a Modification:

- Start by finding out who the investor is on your loan
 - **Fannie Mae** 1-800-7FANNIE (8am to 8pm EST)
 - www.fanniemae.com/loanlookup
 - **Freddie Mac** 1-800-FREDDIE (8am to 8pm EST)
 - www.freddiemac.com/mymortgage
- Then determine your eligibility at <http://www.makinghomeaffordable.gov/eligibility.html>

To Request a Modification (Continued)

- **Submit an “Initial Package”** to your mortgage company. The Initial Package includes:
 - Making Home Affordable modification request (see link)
 - A hardship letter – See “tip sheet” in packet
 - Financial Worksheet (specific to servicer)
 - Verification of household income (i.e. 2 months pay stubs, W-2's, 1099's, award letters from SS/pension – see attached)
 - Bank Statements – 2 most recent months
 - Tax returns – Last two years – all attachments

Some lenders may also require signed 4506-T form, proof of occupancy, such as a utility bill, and a copy of the front and back of your driver's license or state ID card.

Proof of Income Checklist

Your mortgage servicer needs the documents listed below to verify the income of each borrower.

- **For each borrower who receives a salary or hourly wages:**
 - Copy of your two most recent pay stubs that show year-to-date earnings.
- **For each borrower who is self-employed:**
 - Most recent quarterly or year-to-date profit/loss statement.
- **For each borrower who has income such as social security, disability or death benefits, pension, adoption assistance, public assistance, or unemployment:**
 - Copy of benefits statement or letter from the provider that states the amount, frequency and duration of the benefit, or
 - Two most recent bank statements showing receipt of such payment.

Proof of Income Checklist (Continued)

- **For each borrower who is relying on alimony or child support as qualifying income*:**
 - Copy of divorce or other court decree; or separation agreement or other written agreement filed with the court that states the amount and period of time over which it will be received, or
 - Two most recent bank statement showing receipt of such payment.

* You are not required to disclose Child Support, Alimony or Separation Maintenance income, unless you choose to have it considered by your servicer.
- **For borrowers who are current on their mortgage payments:**
 - Copies of the most recently filed and signed federal tax return with all schedules, including Schedule E—Supplemental Income and Loss.

Working with Your Servicer

- **Remain calm.** We understand that this is a very difficult situation; however, we recommend that you use good judgment, discretion, and tact when speaking with your servicer.
- **Keep in contact with the servicer** and apprise them of any and all changes to your situation.
- **REMEMBER: Your servicer WANTS to help you** – they do not want to take your home.
- **Do not wait to open mail** and other correspondence from the servicer and their attorney – open it immediately.

Working with Your Servicer

- **Document all conversations** with the servicer
 - Date and time of call
 - Name of person that you spoke with and their ID #
 - Information discussed
- **Request all information be provided in writing**
- **Be aware of deadlines** –provide all information within the time frame given by the servicer
- **Provide all documentation requested**, including all pages of tax returns and bank statements.

Foreclosure Rescue Scams

DANGER / BEWARE!!!

- Legitimate agencies **never ask** for money
- Avoid **anyone** who says they can **save a house for a fee**
- **Beware offers to purchase** the home and sell/lease it back
- Any **unsolicited offers** for assistance should be reviewed with **EXTREME CAUTION**

• *For More Information, go to: www.LoanScamAlert.org*

For more information go to:

www.financialstability.gov

www.makinghomeaffordable.com

MICRONESIA
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Questions?

Please visit our website:

www.mcdcg Guam.org

Or Call:

671-969-7175



Micronesia Community Development Corporation

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671.969.7175

www.mcdcguam.org

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