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## "I Lost My Home — and Got It Back!"

Strapped for cash and terrified for their families, these women refused to give in to foreclosure. Their lessons could keep your home safe.

By Sara Clemence



Omaira Munoz at Home

Glenn K. Moore/Tracy Press

The three women you'll meet here were classic American success stories, with good jobs and healthy savings accounts. Yet somehow they wound up facing foreclosure on the homes they'd bought and loved. It's a financial nightmare that has played out endlessly since the housing crisis began, with a staggering 3.8 million foreclosure filings in the United States last year alone — affecting one in every 45 American homes. But these women all said, "Not my house." Here's what they learned as they clawed their way back.

### SHOUT UNTIL SOMEONE LISTENS

It took eating a lot of peanut butter and jelly sandwiches, Omaira Munoz says, to buy her house in a small town 60 miles east of San Francisco. "I wanted the American dream for my family," says the 36-year-old mother of five. And that's exactly what she found in Glenbriar Estates of Tracy, CA, when she walked into the builder's model. The

neighborhood was full of young families, kids playing in the street, red-white-and-blue flags waving in front yards — and Omaira wanted all of that. For over a year, she and her husband, Victor, passed on dinners out and cut back on new clothes and toys for the kids to afford a \$500,000 five-bedroom home in 2004. The day they moved in, she put up their own American flag.

The mortgage was high, about \$3,000 per month, but because the couple had always held down stable jobs and weren't crazy spenders, they were able to cover it painlessly for almost two years. Then Omaira, a loan processor for a mortgage broker, was diagnosed with Crohn's disease and had to take an extended, unpaid leave from work. Victor, employed at the local Toyota plant for nearly two decades, shouldered the mortgage payments until he was laid off later the same year. By June 2006, they had all but run through their savings. "It became a choice: Do we pay the mortgage or keep the lights on?" she says. Knowing that they wouldn't be able to cover July, Omaira applied for a mortgage modification to lower their monthly payments, but she was turned down.

By September, now three months behind on the mortgage, "complete fear set in," Omaira says. She went into avoidance mode, dodging phone calls from the bank and throwing unopened mail into a box. "My biggest mistake was getting into the mind-set of 'Hear no evil, see no evil.' My mailman even started to feel bad when he'd drop off yet another certified letter from the bank."

In 2007, the mortgage company foreclosed on the house and auctioned it off; the mortgage note was bought by Merrill Lynch (a typical practice when there are no buyers). Eviction notices were posted on the front door three times. As it became undeniably clear that the sheriff was going to throw them out within days, Omaira packed up her children's things and sent the kids to stay in a friend's home while she frantically looked for help. She made hundreds of calls — to her lender, the U.S. Department of Housing and Urban Development, and whomever else she could think of. Most of the

people she reached told her to give up and move on — that her house was already gone.

Unwilling to give in, she went to city hall and was immediately connected with Ana Reynoso, a housing program specialist. "When Omaira came into my office and told me her situation, I was very angry, because I had almost lost my home to foreclosure and knew it was close to impossible to get assistance from banks if you don't know how to work the system. I dropped everything and helped her," says Reynoso, who called the lender aggressively. Finally! Omaira remembers thinking. "Someone cared that I was a sick, hardworking mother who had fallen on tough times. It was a relief to talk to someone who was sympathetic to our situation." By the end of that day, the sheriff was called off, and with Reynoso's help, Omaira was able to get the bank to reverse the foreclosure in 2008. "Omaira is a survivor," Reynoso says. "She educated herself on the business and was able to speak the same language as the banks — something that often trips up first-time homeowners."

The Munozes' monthly payments are lower now, but the total loan balance has increased drastically — to \$900,000 — as part of the deal. For now they're using their unemployment checks to help cover the monthly mortgage while they look for full-time work. Omaira also helps dozens of her neighbors on the brink of foreclosure, counseling them with what she learned from her experience: "Just because they say 'No' doesn't mean you've lost."



Julie Danko at home

Courtesy of Mississippi Center of Justice

\$1,750 to pay for what they believed

would be a guaranteed loan modification. But three months later, they received notice of foreclosure. "I couldn't believe we had been scammed," Julie says, her voice catching. "And we had absolutely no more money to throw at the problem. At that point, you can't help but feel defeated."

But Julie wasn't defeated. She rebooted her search for help and found a nonprofit law firm, the Mississippi Center for Justice. Whitney Barkley, an Equal Justice Works AmeriCorps legal fellow there, had dealt with several foreclosure crises like the Dankos' in the previous year. "We've filed complaints against the loan-modification company with the New York Attorney General's office; that's where the

### SNIFF OUT SCAMS

Julie Danko's home in Kiln, MS, is surrounded by pine trees. In her front yard, there's enough sprawling green space for her kids to run around and a pond where the family's two Labrador retrievers paddle.

In 2006, a year after the family moved back to Mississippi following evacuation during Hurricane Katrina, Julie's husband, Matthew, took out a mortgage to build a house on land that his family had owned for years. He had put in months of 16-hour nursing shifts to save up for the home they had fantasized about building since they got married. "It's not a huge house," says Julie, 42. "But it's the biggest one we've had. I let the kids pick out the colors for their rooms, and we painted the whole house together as a family. We were just so happy to be back in Mississippi that we wanted to make it feel like home again."

Sadly, the local economy has been far more unpredictable than they had anticipated. Both nurses, Julie and Matt found steady work at first, but after three years, positions became sporadic and offered lower pay than in the past. By early 2010, the couple had fallen behind on their mortgage and were facing foreclosure. That's when Julie started calling the 800 numbers of a few loan-modification companies, settling on one that promised that a team of "legal experts" would handle their case. The Dankos scraped together

company is based," Barkley says. "No company can guarantee a loan modification, no matter how much you pay them." Julie also reached out to Hope Enterprise Corporation, a community development organization. They filed all the necessary documentation for a loan modification under the federal Home Affordable Modification Program, launched in 2009 to aid struggling owners. It was approved within days.

But winning their home back isn't the end of the Dankos' ordeal, since the loan modification knocked a mere \$32 off their monthly payment. "I'm working two jobs, and Matt is begging for as many overtime shifts as he can get; it's still hard to come up with the money each month," Julie says. "But we put so much work into this house, we're going to fight to hold on to it any way we can."



Marchelle Jacques- Yarde and Christopher Yarde

Courtesy of Subjects

#### WHEN IN DOUBT, DON'T SIGN A THING

Just weeks before **Marchelle Jacques-Yarde** and Christopher Yarde were married in 2007, they bought their first home, a two-bedroom condo in Boston's Mattapan neighborhood. They thought they were well prepared. Christopher, an accountant, had run and rerun the numbers to make sure they could handle \$1,300 a month — the mortgage payment their lending agent confirmed for them. They even took a free four-day course for first-time homeowners.

The shock came at the signing in July 2007: Marchelle says the bank had tacked on private mortgage insurance for an extra \$300 a month, which tipped their payment into undoable territory. But they had already turned in the keys to their old apartment and had driven to the contract signing in a U-Haul packed with all their stuff. "We thought we were too far in to back out, so we signed," Marchelle says.

Now they tell all their friends to hire a lawyer when buying a home so they have someone on hand to read all the paperwork and look out for their best interests. "A lawyer probably would've advised us to walk away," she says. "We would have lost the couple thousand dollars we put down as a deposit, but taking that hit would have been better than getting in over our heads."

The next year brought a string of unexpected costs, including car repairs and surprise condo fees that ran into the thousands. The couple needed a loan modification, stat — but the application process took nine grueling months, and they were ultimately denied. Their home was auctioned the next day. Thankfully, no one bid high enough on it, so the property title was transferred to Fannie Mae.

An eviction notice followed — two days before Marchelle's 28th birthday. "I cried for days, and I lashed out at my husband," says Marchelle, who never thought they'd have such epic fights so early in their marriage. "There were bad days where I'd say, 'You promised to provide, and this doesn't look like providing.' I wish I could take back a lot of the things I said."

About five weeks before they were going to be kicked out, a grassroots organization that kept tabs on foreclosures in the area connected Marchelle with **Boston Community Capital** (BCC), a 27-year-old community development institution that has gained national attention for buying foreclosed homes and selling them back to their original owners with affordable payment programs. With BCC's help, the couple fought the eviction and brokered a deal in which BCC bought their condo for \$57,000 (a quarter of what it was worth when they lost it) and sold it back to them for the same amount, with a new, 30-year fixed-rate mortgage and monthly payments of only \$949. "We found out just before our three-year anniversary," Marchelle says. "It felt like a fresh start."



But she knows there's still lots of work to do. "The foreclosure really damaged my credit score. It could take several years to get it back up to a solid number," says Marchelle, who now works as a community outreach advocate for BCC and educates homeowners on its services. "I advise everyone to account not just for unlikely catastrophes but for minor financial set-backs that can derail your plans," she says. "And always remember: No matter what happens, you aren't alone in this fight."



Foreclosed Home

Fuse/Getty

## 5 TIPS EVERY HOMEOWNER SHOULD KNOW

If you're having problems paying your mortgage, you aren't alone. Across the country, homeowners are struggling to keep their heads above water in a recovering economy. Whether it's because of a job loss, mounting medical bills, or a home that's now worth less than you paid, the personal and financial stress of foreclosure can be overwhelming. Here's what you should know to avoid foreclosure.

By Whitney Barkley

### 1. Know how foreclosures are handled in your state.

Too many borrowers assume that foreclosure law is the same from state to state. Know the law in your state and, more importantly, know your rights in foreclosure. Don't assume that the foreclosure prevention strategy that worked for

your Facebook friend in Massachusetts will work for you in Mississippi. In some states, called judicial foreclosure states, mortgage companies must have the approval of a judge before they can sell a home at foreclosure. In others, a home can be sold without the approval of the court. Working with a legal services attorney or a [housing counselor](#) approved by the U.S. Department of Housing and Urban Development (HUD) can help you better understand the laws in your state.

### 2. Talk to your lender. Call them and answer their calls!

In 2009, the Obama Administration created the [Home Affordable Modification Program](#) (HAMP), designed to help struggling homeowners stay in their homes. While not everyone qualifies, a HAMP modification can lower your monthly mortgage payments to 31 percent of your gross monthly income. Even if you don't qualify for HAMP, there are other ways your lender can help you resolve your mortgage delinquency. So be your own advocate! Ask your mortgage company to review your options. Waiting too long may disqualify you for some programs. After you have contacted your lender, call once a week to confirm that you are being evaluated for a loan modification, and keep records of every conversation with your lender. Make sure that the mortgage company has everything they need to make an informed—and *affordable*—decision for you and your family.

### 3. Get help for free.

Free HUD-approved housing counselors, on average, have a higher success rate than homeowners trying to obtain loan modifications on their own. These counselors are trained in the loan modification process and know precisely what banks need to make a decision. Counselors are also able to help you draft a hardship letter, assemble a realistic budget, and help explain your options if your application for a loan modification is denied.

### 4. Watch out for scams.

Never pay for a loan modification. Any extra money in your budget should be put into a savings account and used to pay your mortgage or to help you and your family transition into a rental home. Be especially wary of any company that *guarantees* a loan modification. No one, not even the best HUD-approved housing counselor, can guarantee that you'll get one. You can get more information on loan modification scams, or report a scam, at [loanscamalert.org](#).

### 5. Plan ahead for a possible transition out of your home.

Sometimes, not even the best housing counselor or attorney will be able to save your home. But as difficult as foreclosure may be, leaving your home without a plan makes life even harder. Think

ahead. Where can your family go? Do you have the money to rent a house or an apartment? Will you need assistance? Will your children need to transfer schools? Being prepared for the worst is essential. Too many people exhaust all of their financial resources trying to stay in their homes and when foreclosure comes, find themselves unable to afford alternative housing. Plus, there are tax consequences for foreclosures and loan modifications, so consult a tax expert about what you might owe next year.

*Whitney Barkley is an [Equal Justice Works AmeriCorps Legal Fellow](#) at the Mississippi Center for Justice. Through her service as an AmeriCorps Legal Fellow, Whitney has focused on foreclosure prevention and assisted homeowners throughout the Gulf area fight legal proceedings to help keep their homes. [Equal Justice Works](#) is a national nonprofit that creates public interest law opportunities for law students and attorneys to provide pro bono legal services to vulnerable communities and causes. [Mississippi Center for Justice](#) is a nonprofit, public interest law firm committed to advancing racial and economic justice. Supported and staffed by attorneys, community leaders and volunteers, the Center develops and pursues strategies to combat discrimination and poverty statewide.*

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