



Rebuilding after Foreclosure

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Topics of Discussion

- 1. Keep a Positive Attitude. "It's not the end of the world"
- 2. What do you do now?
- 3. Where do I go?
- 4. Change your way of thinking.
- 5. View your credit report
- 6. Take the slow road to rebuilding your credit.
- 7. Mortgage Debt Forgiveness
- 8. Be Proactive.

Keep A Positive Attitude!!!

“It’s not the end of the world.”

My name is **Nadiyah Casey** and I too was a victim of foreclosure. I was laid off twice in the course of a year. I stand before you today to let you know that I am a survivor. I am more positive about my situation than I have ever been. I am living proof that it is not the end of the world.

Here I stand!

The first step towards getting somewhere is to decide that you are not going to stay where you are.

John Peirpont Morgan

What do you do now?

- Many people think that after your home goes into foreclosure that no one is going to rent to you or you may run into issues finding a place to live.
- You have OPTIONS!!!
- You can stay with a friend or family member even on a temporary basis.
- The key to finding a place to live is to be honest about your situation. Landlords and property management companies will work with you.
- You may want to consider renting an apartment to assist you with managing expenses better. Check to make sure that the apartment complex is in good standing as well. Foreclosure is not only hitting consumers, we are seeing an increase in commercial foreclosures as well. You have to play it safe. Look for the red flags such as an increase in vacancies. Ask a current resident questions about the property.

Continued:

- You may have to pay a deposit to secure a place to live. Be prepared.
- Write a letter of explanation explaining your financial hardship.
- Provide references and letters of character.
- If you are going to rent a home, be smart about it. Do your homework. Ask all of the right questions. You can use the following site to verify if a home is in foreclosure ; www.rentalforeclosure.com
- **115,775 renters have been evicted because of landlord foreclosures so far this year throughout the United States per Rental Foreclosures Inc. The last thing that you want to do is put yourself in a rough position again.**
- Use a licensed and reputable real estate agent to assist you in locating a property.
- Check the county records to confirm that there is no Notice of Default or Substitution of Trustees deed on record. You can do this by going to www.maricopa.gov under the quick link titled "Recorded Documents" or <http://recorder.maricopa.gov/recdocdata/>

Where do I go?

Don't be afraid to ask for help...

There are many government and faith based agencies available to help you.

- www.housingaz.com
- <http://arizonaselfhelp.org>
- www.azdes.gov
- www.hud.gov
- www.usa.gov
- If you are currently having trouble with your mortgage contact a HUD approved non profit agency to speak to a certified Housing Counselor today.
- Remember you should never have to pay anyone to help you..



Change your way of thinking

- Remember to “Change your way of thinking.
- It is going to take time to rebuild and re-establish yourself financially.
- You have to be realistic and honest with yourself about what you can truly afford.
- Keep an open mind. No one said it would be easy.
- Establish short term and long term goals.
- Do not make any long term commitments that will cause you any further financial set backs.
- While rebuilding your life, you will need to rebuild your credit.
- Learn how to live simply. Focus on what you need .
- Establish a budget and stick to it. Cut out any unnecessary spending.
- You will need to shift your mentality to “Saving Money” verses “Spending Money”
- Set a small amount each month for your “Emergency Fund” . Having a game plan or a plan B is crucial to the road to recovery.

View your credit report.

- Once the dust settles on everything, you will want to review your credit report.
- If you want to rebuild your credit after foreclosure, you must know how bad it is.
- **Foreclosure stays on credit for 10 years and can drop your credit score more than 100 points.**
- You can obtain a credit report by going to www.annualcreditreport.com to obtain a free copy of your credit report from all 3 major bureaus.
- Review your report for any blemishes and dispute according.
- Settle any debt or make payment arrangements to start the process of rebuilding.

Take The Slow Road to Rebuilding your Credit.

- It can take up to 24 months to rebuild your credit. It all depends on you.
- Be Prepared to be declined for credit, stay positive.
- Add a narrative to your credit report
- Be patient!!!! It's going to take time. Don't rush.
- Apply for a secured or unsecured credit card. You will need them to reestablish your credit. Shop interest rates. Do comparison shopping.
- After your hardship, be sure to pay everything on time.

Key Points to Remember:

- The more recent the late payments the worse it is for the FICO SCORE.
- The passage of time usually helps the FICO SCORE'S recovery from past late payments. (A recent 60 day late can have more impact than an old charge –off)
- As time passes since the last negative item, more points are received from payment history than previously.
- The best way to recover from negative payment history or foreclosure, is to add positive entries to your credit report by getting and staying current.

Mortgage Debt Forgiveness

What happens if I receive a 1099 in the mail from your lender?

DON'T PANIC!!!!

Contact the IRS at www.irs.gov or contact your tax advisor to see if you are eligible for The Mortgage Debt Relief Act of 2007.

The Mortgage Debt Relief Act of 2007 generally allows taxpayers to exclude income from the discharge of debt on their **principal residence**. Debt reduced through mortgage restructuring, as well as mortgage debt forgiven in connection with a foreclosure, qualifies for the relief.

This provision applies to debt forgiven in calendar years 2007 through 2012.

Be Proactive!!!

- ◉ Take the opportunity to learn how to manage your personal finances and do not let your finances control you.
- ◉ Contact Money Management International for a free Debt and Budget Counseling Session. 1-800-308-2227

Questions...



It's QUESTION TIME !!