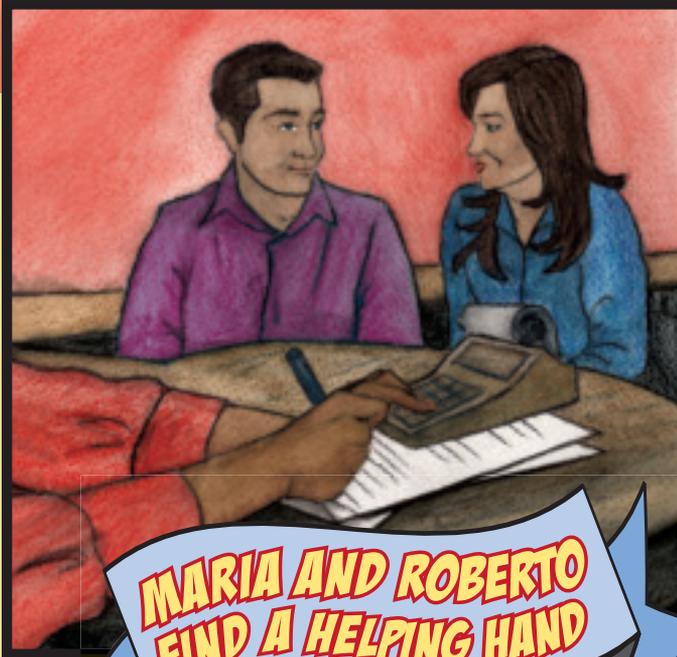
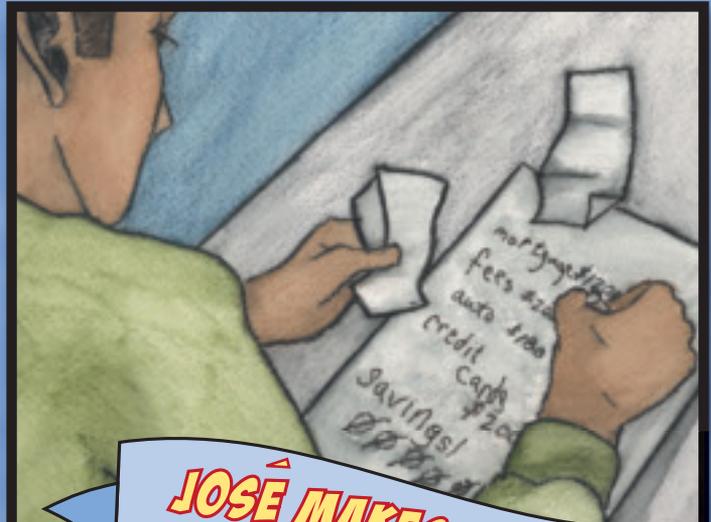


TRUE LIFE STORIES

Published by
Congressional Hispanic Caucus Institute,
HOGAR



**MARIA AND ROBERTO
FIND A HELPING HAND**

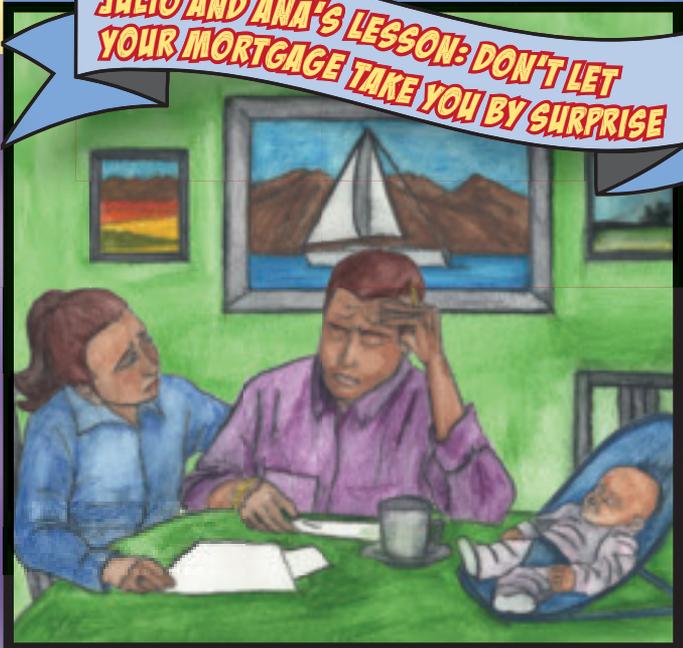


JOSÉ MAKES A CHOICE

**SALVADOR AND RAMONA:
THE PRICE OF DREAMS**



**JULIO AND ANA'S LESSON: DON'T LET
YOUR MORTGAGE TAKE YOU BY SURPRISE**



ACKNOWLEDGEMENTS

Homeownership is the primary means by which households in the United States achieve financial security and communities remain stable. Many Latinos in the United States have taken the significant step of becoming homeowners. While long term homeownership is extremely beneficial in building wealth, stability and community living, preserving the dream of homeownership can sometimes become a challenge due to unexpected events or predatory mortgage terms. Borrowers can find themselves in danger of losing their homes due to unexpected circumstances such as job loss, emergency expenses, divorce and death or poor money management. Lacking access to good advice and financial education, borrowers can also find themselves surprised by mortgage terms that don't fit their financial profile. If you find yourself in a similar situation, it is important to contact your lender/creditor early and to find a trusted advisor that can counsel you. At the end of this novella, you'll find several resources that will aid you in finding assistance in your community.

CHCI would like to acknowledge the following people for their contributions to this project:

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MARIA AND ROBERTO FIND A HELPING HAND

If your savings are almost gone, you have to do something. Maria, let me help you.

I know, but Roberto was so sure he'd find another job right away and instead we were getting stretched more and more each month that passed...



Let me get this straight. Your combined incomes were \$90,000...



\$95,000, and our payments were only \$2,300 on a \$300,000 loan.



Nothing wrong with that.





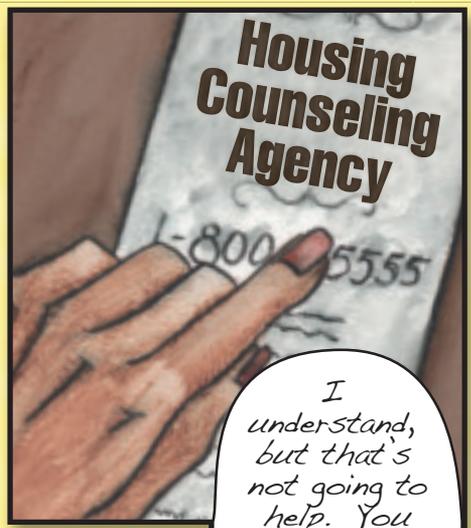
We cut back on just about everything but we couldn't do it on my salary alone. We ate up our savings, borrowed from my parents and still Roberto couldn't... or he wouldn't...
I don't know.

And now that he's back to work... he's so ashamed about what happened, falling so far behind on the mortgage, and now I can't even talk to him about it.



You have to. It's only going to get worse and you'll lose your house. How do you think he'll feel then?

I know. I did call our mortgage company. Then I hung up before they came on the line. I feel so ashamed.



Housing Counseling Agency
1-800-5555

I understand, but that's not going to help. You have to talk to Roberto, and I'll call my friend who works at the housing counseling agency.

LATER THAT NIGHT...



I had coffee today with Cristina. She knows something about finances and foreclosures, and I feel like we've got to get some help.

We are not going to lose the house. And you have no right to talk about our private lives with Cristina or anyone else.



Please, honey, she works in a bank, for heaven's sake.

I don't care.



Stop this. Stop it right now. If you can't admit that we have a problem, I can. If you won't do anything about it, I will.

NEXT MORNING....

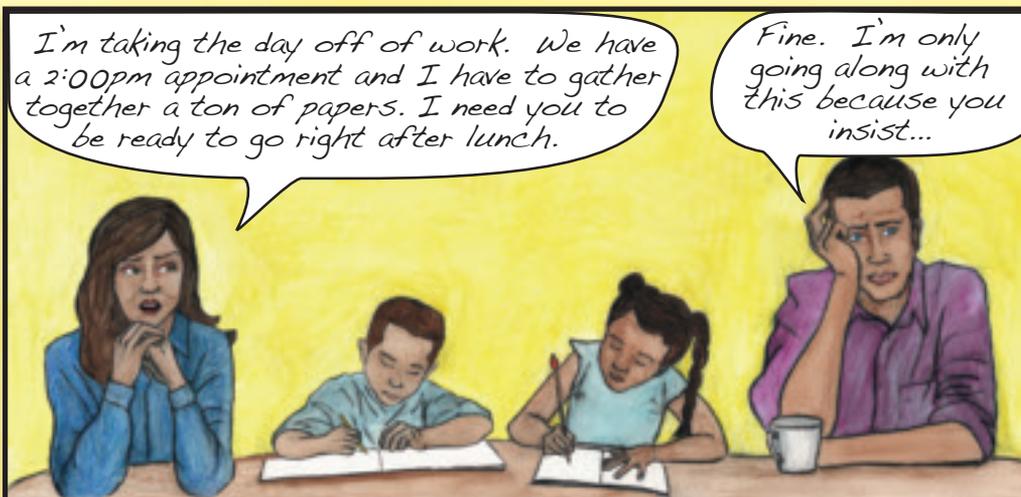


I don't know, Cristina, he's so proud...

Trust me on this; you're my friend. I called the housing counselor, Mrs. Hernandez, she's great. She sees lots of people in your situation.

Is that supposed to be reassuring?

Yes it is. She's ready to hear your story. I didn't say anything about why you've waited three months, but it's not too late.



I'm taking the day off of work. We have a 2:00pm appointment and I have to gather together a ton of papers. I need you to be ready to go right after lunch.

Fine. I'm only going along with this because you insist...

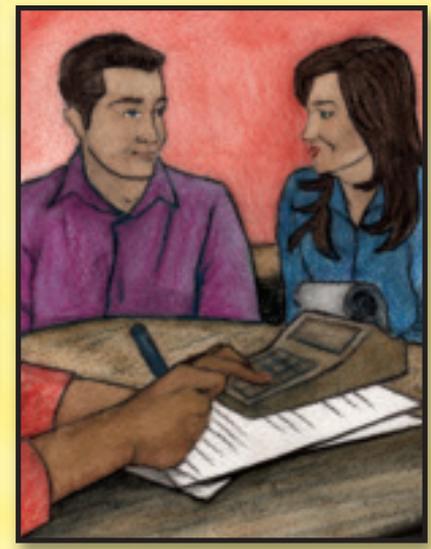


You'll see, it's going to be alright Roberto.



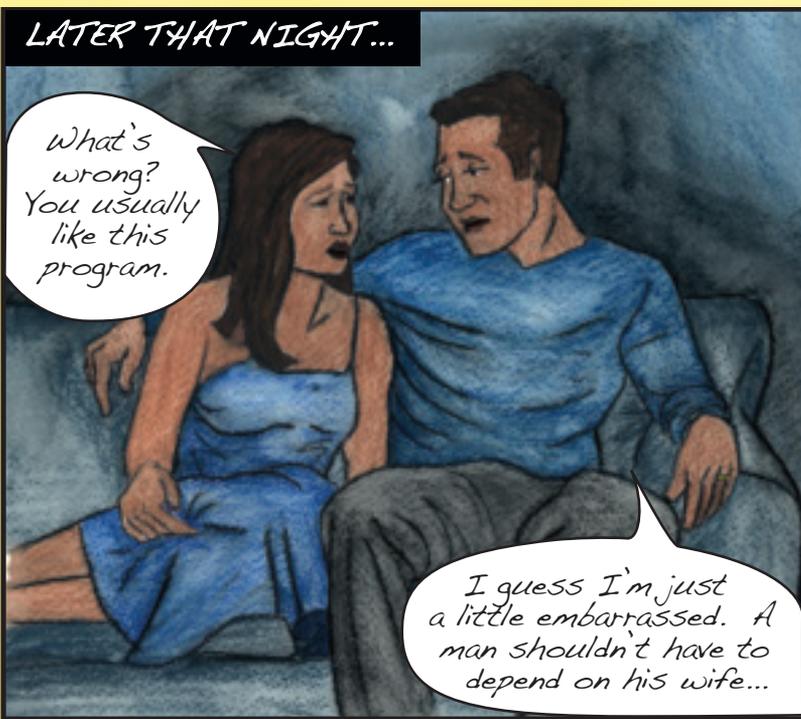
First we'll go through your finances and figure out a new family budget...

Ok... I did like you said, I've got all our monthly bills.



There you have it. Your payments will be slightly higher until you catch up, but now that Roberto's back on the job this is a workable plan. If you stay with this budget you'll be fine. And Roberto, there is nothing to be ashamed of. These things happen.

It's important to get help as early as possible. But you have plenty to be thankful for, including Maria. Call me tomorrow and I'll help you get ready to speak to the company that manages your mortgage.



LATER THAT NIGHT...

What's wrong? You usually like this program.

I guess I'm just a little embarrassed. A man shouldn't have to depend on his wife...



I'm your partner, not just your wife. But, believe me, if it will make you feel better, from here on you can take the lead.

NEXT MORNING...



Yes... right. I'll call the mortgage company right away to implement the steps we worked out. And... Thank you, Mrs. Hernandez, thank you. Can you join us tomorrow?



We've worked hard on this repayment plan with Mrs. Hernandez help. I'm confident we can stick with this family budget.

We don't like to uproot families and we would almost never have to if only people would come to us early enough... like you have!



Do you kids know how smart your mother is?



Yes we do! That's why Mama helps us with our homework, Papa.

THE END

JOSÉ MAKES A CHOICE

What do you mean, you don't know how this happened?

Okay, okay. They just kept sending me pre-approved credit cards and I kind of lost track.

Right. And now you're more than 2 months behind on your mortgage and have all those cards maxed out. I thought you were smarter than that.

BLAM!

DALIA WAS SO UPSET WITH JOSÉ THAT SHE WASN'T SURE WHEN SHE'D TALK WITH HIM AGAIN.

LATER...



But Mom, Dalia just doesn't understand... I can't believe she got so angry.

What I don't understand is what this argument is really all about.



After living like a college student for so long, I just wanted to have a lifestyle that made me proud...

Son... remember, "Más sabe el diablo por viejo que por diablo."



Darling, you know we are very proud of you, of the life and career you're making for yourself. But we worry about you.

I'm fine, Mama. I'm fine.



Dalia, please we have to talk...

BEEP!

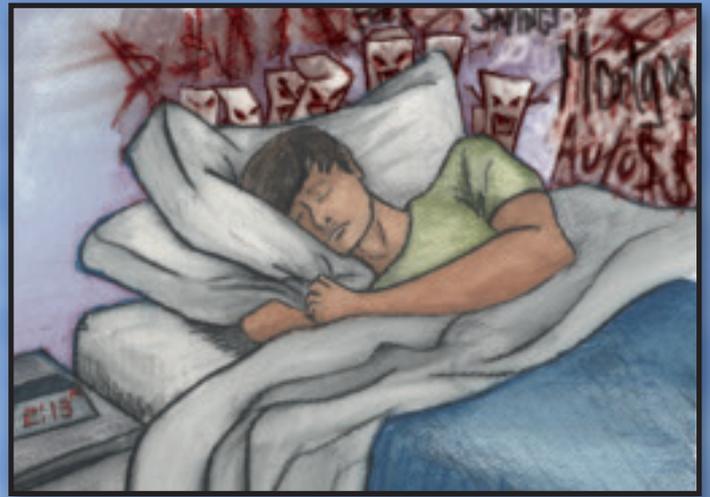
Please Sweetie, pick up if you're there.

BEEP!

Dalia?

JOSE DIDN'T WANT HIS PARENTS TO WORRY, BUT AFTER ANOTHER LOOK AT HIS BILLS, HE BEGAN TO WONDER IF HE COULD MEET HIS OBLIGATIONS.





NEXT MORNING...



Please, Susannah,
I'm not feeling well.
Put me down for a sick
day. Hopefully I'll be better
tomorrow.



She won't
take my calls,
she won't see
me...

It's not you, it's the way you
manage your money. Maybe if
you would face the facts and do
something about it.

There is
no shame in
admitting
you've made a
mistake
son.



You need some advice.
Call your lender.



...and when
I realized what was
happening, I was
overwhelmed. I
don't know what
to do.

I
understand. I
can help you, but
first you need to
take a good look
at your expenses
and where you stand
with your debts. We
also need to review the
documents you
signed for your loan.
Once that's been
sorted out, then
together we can go
from there.

**JOSÉ TAKES HIS FA-
THER'S ADVICE AND
MAKES THE CALL TO
HIS LENDER.**

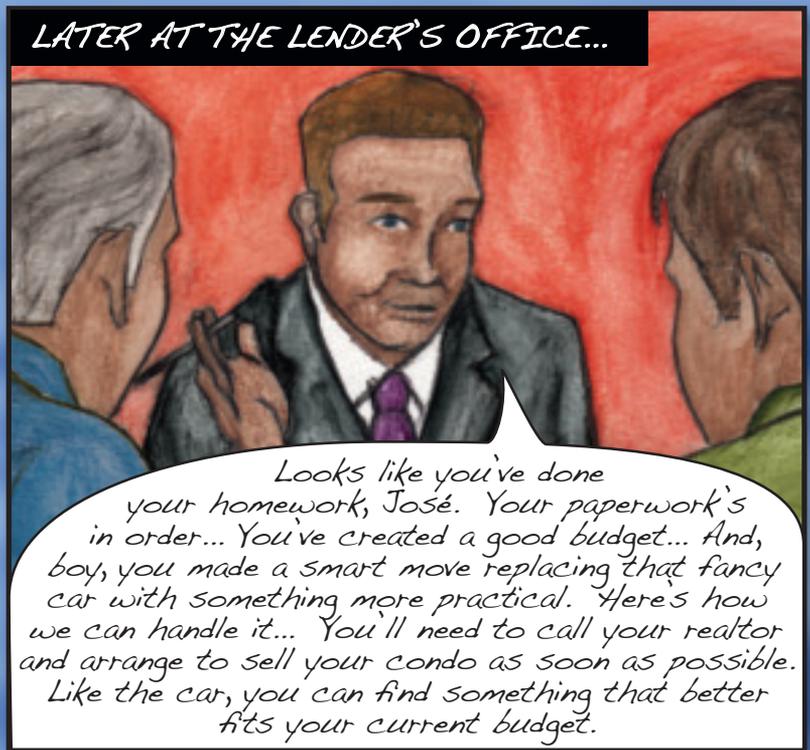


José, you're not the only one this has ever happened to. You graduated from college, got a great job and all those credit cards companies saw you coming straight down the road ready to do business.

And now that road's taking me straight to bankruptcy and foreclosure. I'm ready. Where do we start?



First, look here, at your debts, your on-going expenses and then we can make some cuts and work out a realistic budget. This isn't hard, son, but it's going to take some time before you're free and clear.



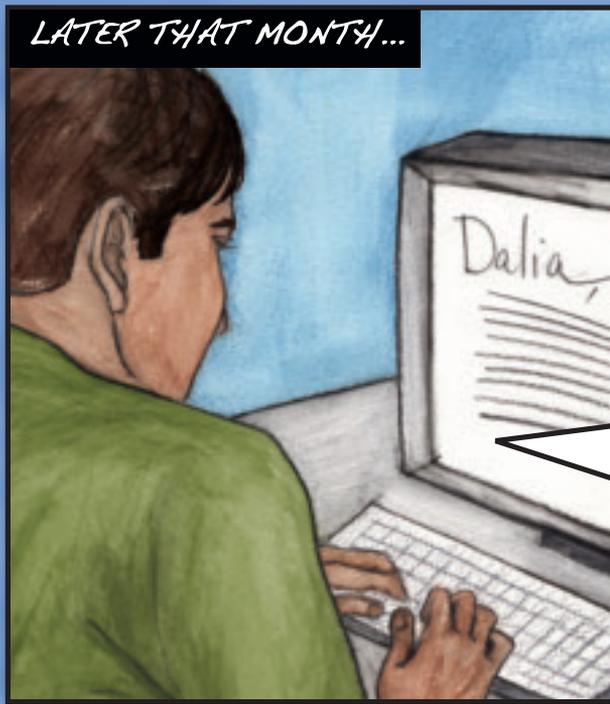
LATER AT THE LENDER'S OFFICE...

Looks like you've done your homework, José. Your paperwork's in order... You've created a good budget... And, boy, you made a smart move replacing that fancy car with something more practical. Here's how we can handle it... You'll need to call your realtor and arrange to sell your condo as soon as possible. Like the car, you can find something that better fits your current budget.



Are you sure it's necessary for him to sell his property?

Yes, in José's case a short sale is a good alternative. We can relieve you of this debt burden by agreeing to accept full payment for the property for a price that is less than you owe. While you'll be in a better position to manage your expenses there are tax consequences you'll have to factor in.



Dalia, I've done it. The car's gone, I've sold the condo and bought a smaller unit. I didn't have to declare bankruptcy and I've avoided foreclosure. Forgive me. Please. I miss you so much... (and the car, a little bit, but you a whole lot more.)

Love,
A much smarter José



THE END

SALVADOR AND RAMONA: THE PRICE OF DREAMS



What is it Salvador? You look pale.



Ramona, I'm not sure what to do. I fell behind in the mortgage payments for a few months so we could cover the medical bills. I called Rey to see if we could refinance again but he says we're out of luck. The house isn't worth more than our mortgage anymore. He said he'd be glad to help me sell the house...



That can't be. We've always made the payments, just like we're supposed to... it's just not possible, 25 years and we don't own anything?



I know. Something must be terribly wrong.

LATER THAT WEEK...



Take me through this one step at a time. You and Ramona bought this house 25 years ago? And when did you take on a second mortgage?



The first time was 8 years later... to remodel the kitchen and bathrooms.



After that this guy Rey... a co-worker from the post office who claimed he helped others at the office get refinancing...



He told us that if we had the house reappraised...

... he personally could arrange refinancing for us to get the most money for our equity.



Then he helped us refinance again to help send one of the girls to college.



And the next time Rey sold us that "interest-only" thing. We did that so we could go on that cruise for Salvador's retirement.

Our first real holiday. It was wonderful.

You both earned that trip.



But now I wish we'd never gone. We really need that money now for Salvador's medical expenses. Medicare just doesn't cover it all.

I know how that is, but this business with your home equity sounds fishy to me. You'd better talk to a real professional, and soon. I know someone that can help you.

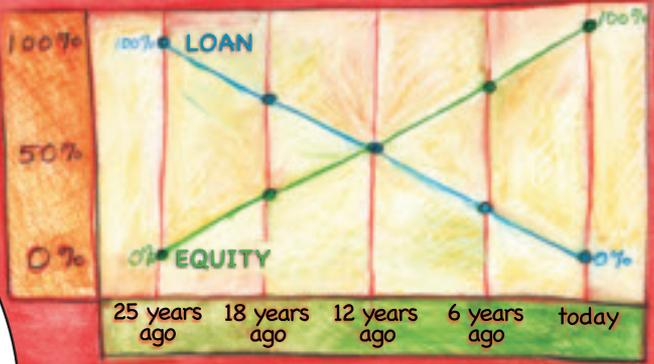


THE FOLLOWING WEEK...



Now, I think I understand. What happened to you is called equity stripping.

Let me explain. While sometimes it can occur quite innocently, as a home owner you want to make sure that an overly aggressive loan salesman does not put you in a new loan just to line his own pockets.

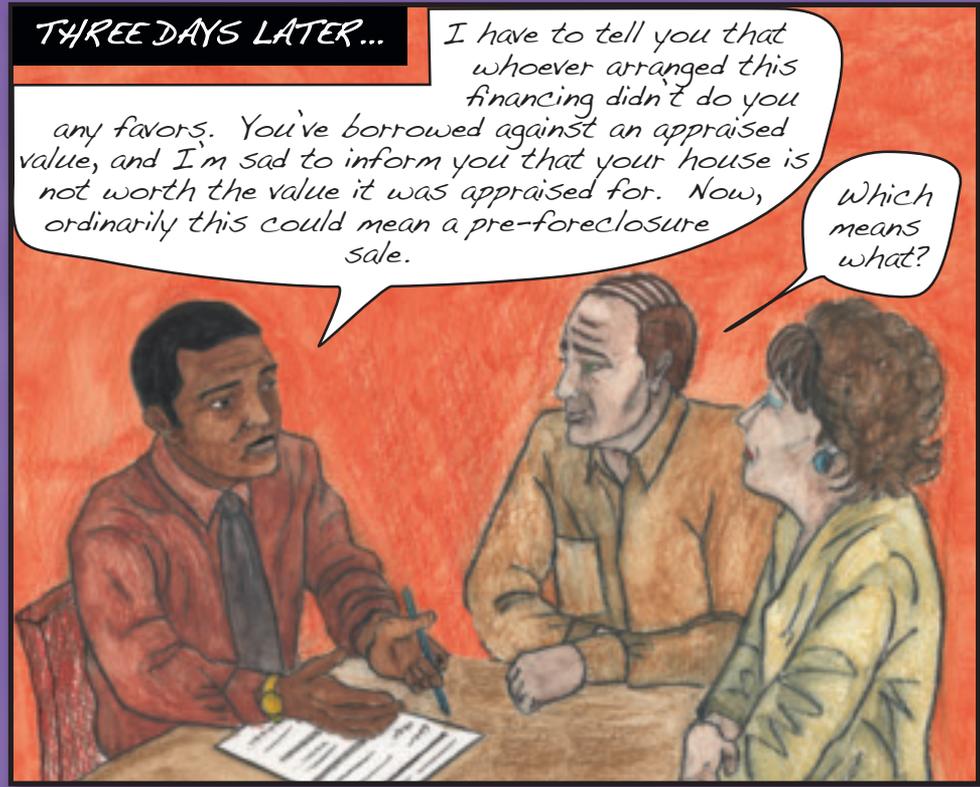


Over time your home should increase in value but every time you draw cash against your equity you decrease that value.



If I ever see that Rey again...

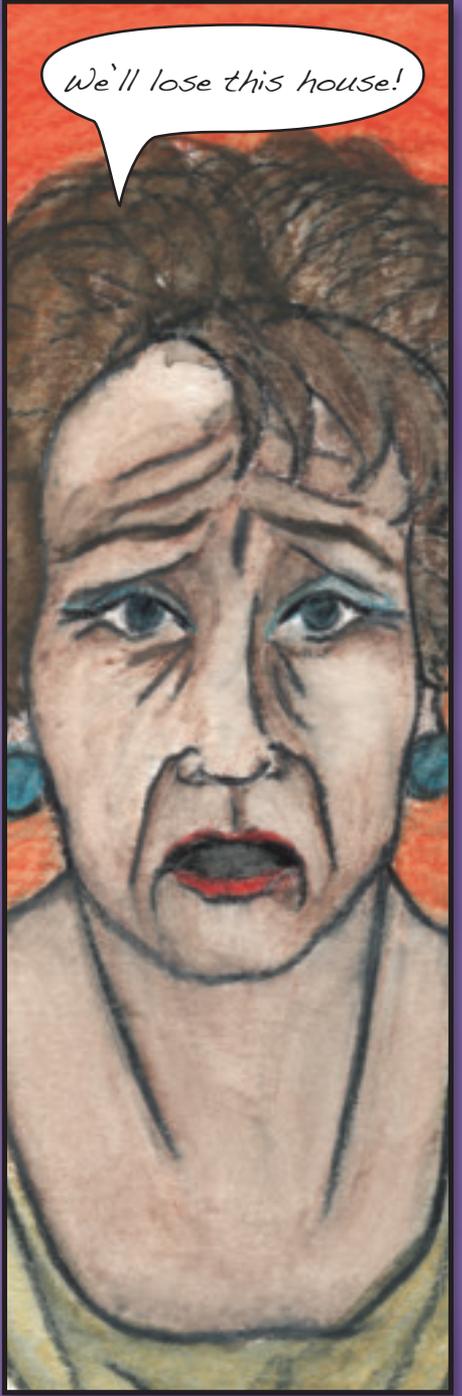
This is terrible. What should we do?



THREE DAYS LATER...

I have to tell you that whoever arranged this financing didn't do you any favors. You've borrowed against an appraised value, and I'm sad to inform you that your house is not worth the value it was appraised for. Now, ordinarily this could mean a pre-foreclosure sale.

Which means what?



We'll lose this house!



Not necessarily. Although you don't have any equity, you have maintained your credit up to now. I think we can modify your loan agreement to a fixed rate 30-year mortgage.

Will that lower our payments?



THE END

JULIO AND ANA'S LESSON: DON'T LET YOUR MORTGAGE TAKE YOU BY SURPRISE



How did this happen?
Our payment was only \$1,294...

Two years ago...



...when we started the business...

...and got this house.



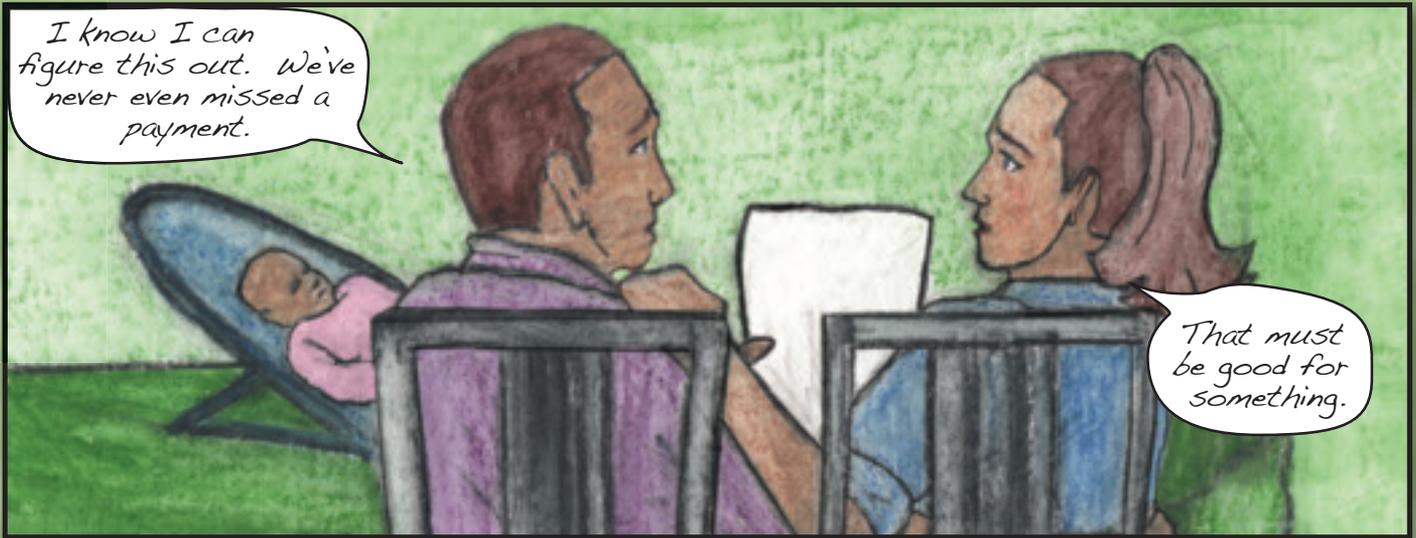


How did this happen?

With the business going so well and little Maria's arrival, the time just flew by.

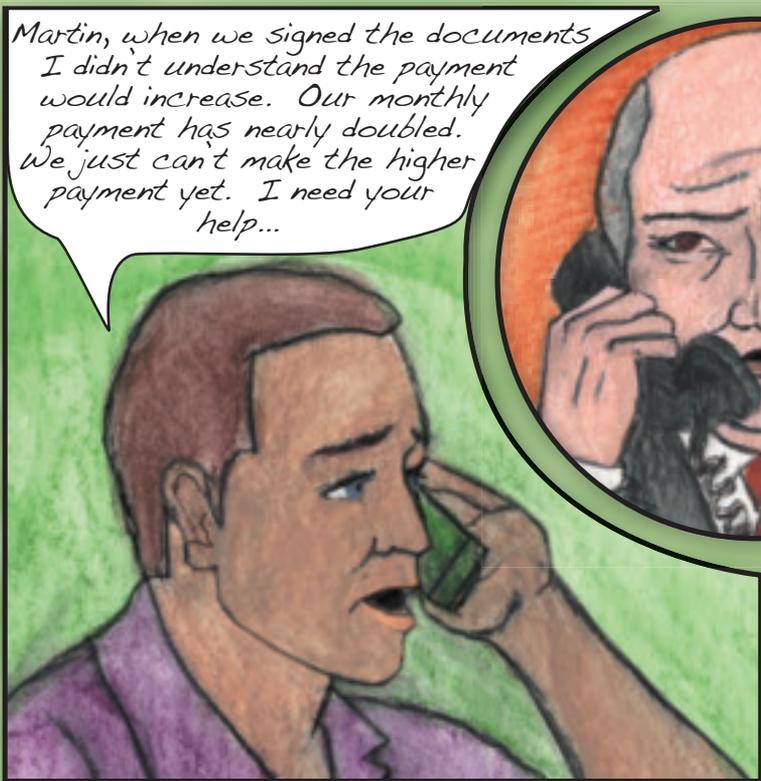


We can't afford this huge increase. Will we lose the house?



I know I can figure this out. We've never even missed a payment.

That must be good for something.



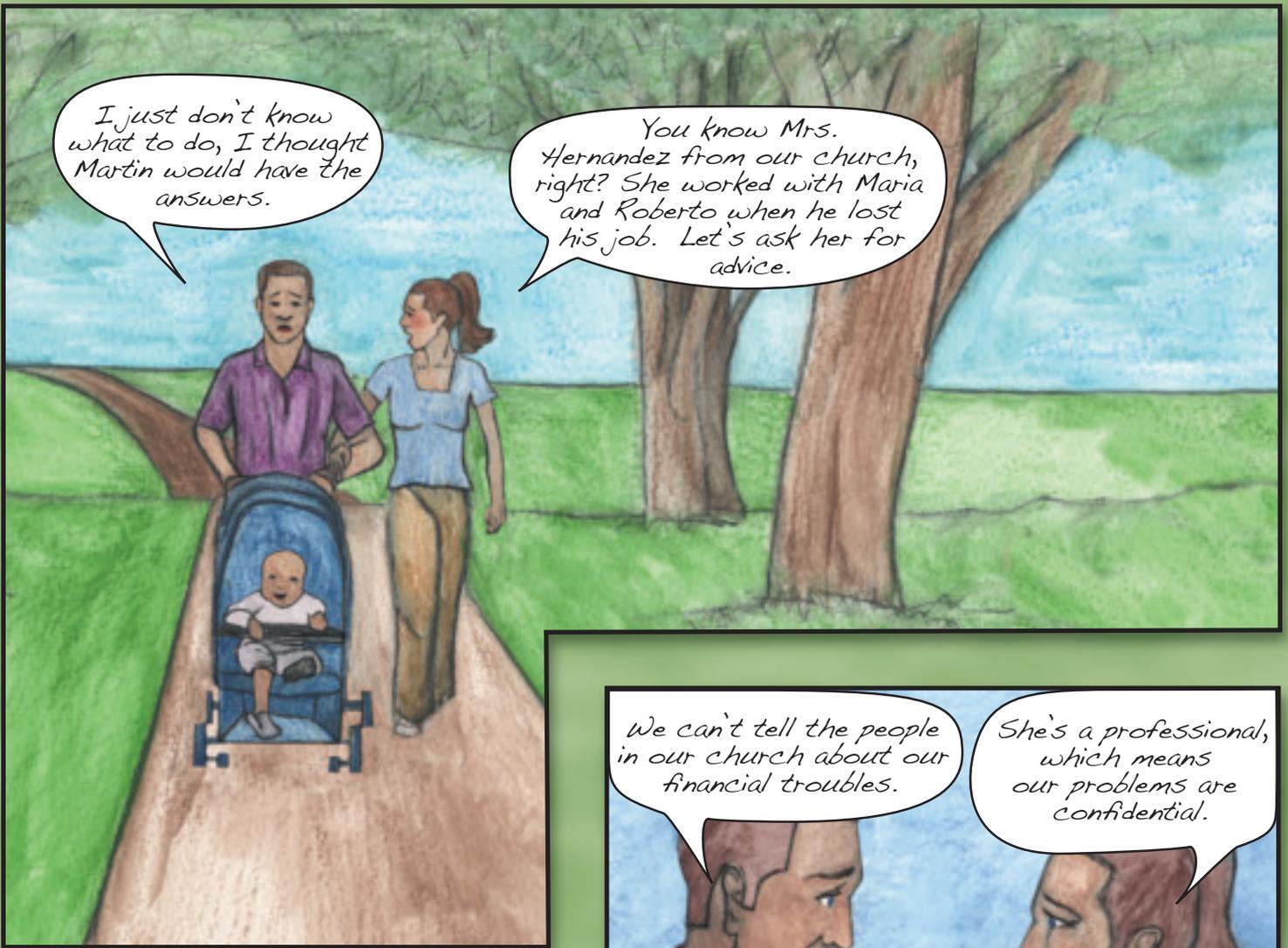
Martin, when we signed the documents I didn't understand the payment would increase. Our monthly payment has nearly doubled. We just can't make the higher payment yet. I need your help...



When I didn't hear from you, I assumed you refinanced somewhere else. I don't have another alternative for you Julio, you'll just have to find a way to make the higher payments.

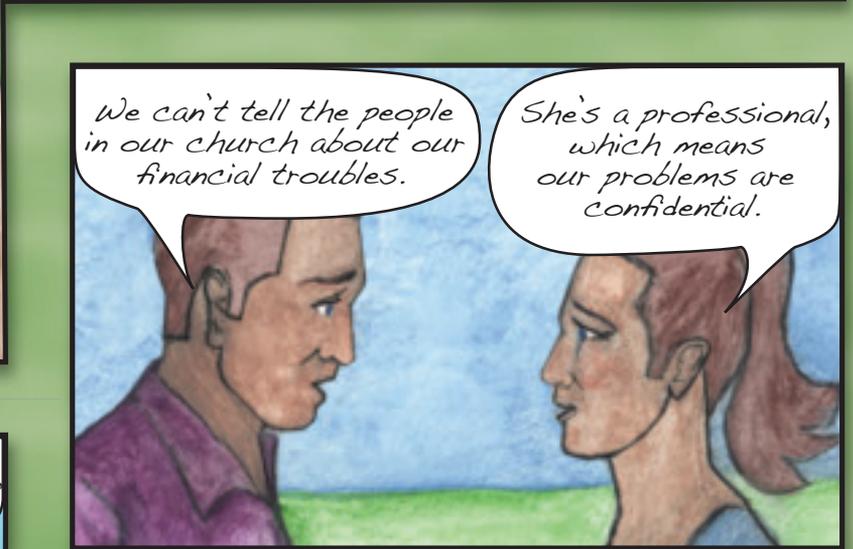


SLAM!



I just don't know what to do, I thought Martin would have the answers.

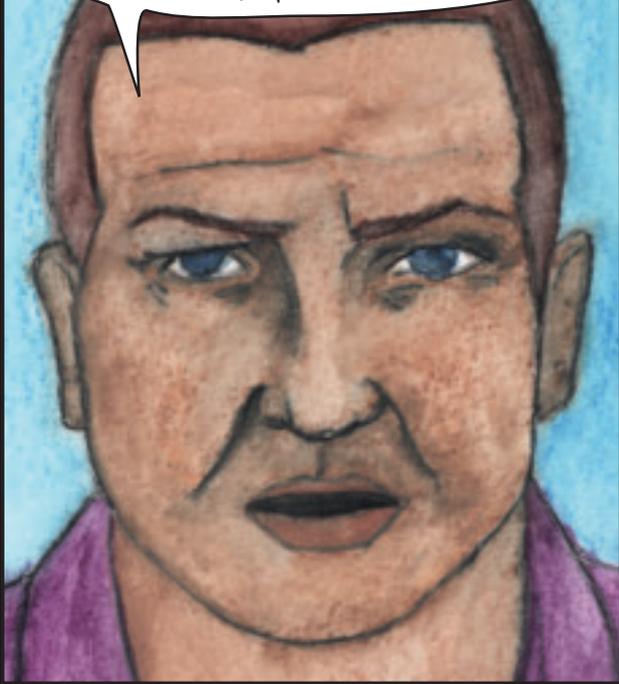
You know Mrs. Hernandez from our church, right? She worked with Maria and Roberto when he lost his job. Let's ask her for advice.



We can't tell the people in our church about our financial troubles.

She's a professional, which means our problems are confidential.

Ana, we can't talk to someone from our church about our money problems. If it gets around imagine what they'll think of us.



And we can't keep up paying a \$2200 a month mortgage payment either... So, will you talk to Mrs. Hernandez... or will I have to?



I will.



I'm so angry at that Martin, he told us we could count on him. He never explained the deadlines for refinancing and we certainly didn't intend to miss it. To tell you the truth, I didn't want to face the paperwork again; it was so confusing the first time.



You'd be surprised how often this happens.

The timing on these mortgages is tricky. The window of opportunity to refinance into a fixed rate mortgage without a prepayment penalty is different for everyone.

Most people don't understand the terms and wait too long to resolve the problem because they're embarrassed. You're fortunate Julio, you still have options.

I know. When you consider everything we've been very fortunate.



It looks to me like refinancing is your answer. It works like this, you take on a new loan large enough to pay off the old one and to cover any closing costs and fees. We can get you into a mortgage that better meets your needs. No surprises next time.



Sounds simple enough.



For folks like you who honor their commitments, it is simple. Interest rates are still low, so refinancing into a 30 year fixed rate mortgage will provide greater security and give you the peace of mind that a new family needs.



It's all done. We've refinanced at a 30 year fixed rate... not quite as good as if we had seen it coming and been proactive, but... Ana, I'm glad you pushed me to reach out to Mrs. Hernandez, her advice made all the difference.

Seriously, Julio, we are so lucky we did the right thing, even if we did it late...



Our family and our home are safe and as far as our monthly house payment goes, no more surprises for a long, long time.

THE END

ASK FOR HELP.

Don't wait to make the call. Ask for help early. Get organized and work with a housing counseling agency to understand your financial situation. Early intervention is the most important factor in your ability to avoid foreclosure. In most states you can avoid foreclosure if you contact your lender and begin resolving your situation within 90 days.

HOW DO I FIND HELP?

1. The U.S Department of Housing and Urban Development (HUD) maintains a list of certified housing counselors. Call them at **(800) 569-4187** or www.hud.gov/offices/hsg/sfh/hcc/hccprof14.cfm.
2. If you think you might be at risk of losing your home call the Homeownership Preservation Foundation call center at **1 888 995-HOPE**. Spanish speaking counselors are available to help you.
3. Should you need legal advice you can find an attorney with expertise in housing matters by contacting the National Association of Consumer Advocates at <http://www.naca.net/find-consumer-protection-attorneys>.
4. If you are in severe debt and are having trouble making your monthly payments call Consumer Credit Counseling Services at **800-873-2227** or <http://www.ccsintl.org/>. Spanish speaking counselors are available to help you.
5. Call the local Latino community center or social service agency and ask for a referral to a housing counseling agency.

Don't get discouraged. You might have to make a few phone calls to find the right person to help you work through your problem, but an expert housing counselor can help you identify the best solution for your needs.

THE CONGRESSIONAL HISPANIC CAUCUS INSTITUTE

For 30 years, The Congressional Hispanic Caucus Institute (CHCI), the nation's premier Hispanic leadership development and educational organization, has sought to develop the next generation of Latino leaders. Providing leadership development programs and educational services, CHCI promotes the growth of Latino youth as effective professionals and strong leaders.

A nonprofit, nonpartisan 501(c)(3) organization, CHCI's vision is an educated and civic-minded Latino community, whose members participate in local, state and federal policy decisions.

CHCI serves more than 500,000 students, parents and educators annually through its Web services, publications and programs, including those specifically targeted at increasing the rate of Latino homeownership.

HOGAR PROGRAM

HOGAR, Spanish for "home," is a housing and financial literacy initiative that seeks to ensure that Latinos share equally the American dream of homeownership by expanding financial literacy and opportunities for wealth creation.

HOGAR has three complimentary components: 1) a fellowship program that develops Latino leaders in the housing and finance fields, 2) community housing events that increase financial literacy and improve understanding about the mortgage process and 3) research and policy analyses addressing homeownership barriers faced by and existing opportunities available to Latinos.

For more information about the HOGAR Fellowship or to order HOGAR materials, please contact CHCI at **1-800-EXCEL-DC**.



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