

Buying a Home and Keeping It -- September 2007

Buying a home is likely the biggest purchase you will ever make, and it is one that should not be done with haste or without the proper knowledge and education.

Foreclosure rates are rapidly rising in Delaware and across the nation. Congress has addressed this issue through a number of hearings on the prevalence of subprime loans and the increased mortgage defaults and foreclosure rates that have resulted from their use. While these discussions are important at the federal level, they are also occurring at the state and local level as well so that consumers are knowledgeable of the local housing market. There are many resources available at the state and local level to help consumers buy, maintain, and keep their home. With foreclosure rates increasing, it is important that consumers are aware of these resources and are educated about the home buying process to prevent further foreclosures in Delaware.

Foreclosures are harmful for borrowers, lenders, the neighborhood, and locality. A common misconception associated with the foreclosure issue is that the lender benefits from a foreclosure; however, in truth, they lose money and a customer in the process. Responsible lenders want to maintain their customers - who can benefit from other services they provide. In most cases, mortgage providers will consider reducing or renegotiate a mortgage loan in order to prevent foreclosing on a house. It is imperative for homeowners who are in financial trouble to contact their lender and ask for assistance as soon as possible.

Last month, I convened a homeownership and foreclosure prevention forum in Wilmington. Speakers at the forum included representatives from state and federal housing agencies, lenders, and housing outreach groups, such as Interfaith Housing of Delaware. The representatives from these groups provided information for first time homebuyers regarding the types of mortgages and financial assistance available as well as foreclosure prevention methods. These organizations have been attentive to the foreclosure issue and are good resources for current and future homeowners to utilize.

Additionally, NeighborWorks has teamed up with local nonprofits and banks to further help homeowners in or near foreclosure. Homeowners may call the Homeownership Preservation Foundation's HOPE hotline and receive free counseling from HUD-certified housing counselors 24 hours a day, seven days a week. This hotline also links struggling homeowners to lenders and NeighborWorks organizations, like Interfaith Housing in Delaware, for free, professional help and guidance regarding their mortgage. There are places to turn to for help, and these organizations will work with you to help prevent foreclosure.

Furthermore, this September, the State Bank Commissioner's Office will begin Delaware's Foreclosure Prevention Conferences. The State of Delaware has invited all the major loan services in order for homeowners to meet with their company to review their loans. The Delaware State Housing Authority has also created the Delaware Emergency Mortgage Assistance Program (DEMAP) to assist homeowners, particularly seniors, who are financially unable to make mortgage payments and in danger of losing their home to foreclosure.

For more information regarding these important programs, please contact the Homeownership Preservation Foundation's HOPE hotline (1-888-995-HOPE), the Office of the State Bank Commissioner, and Delaware State Housing Authority. As we continue to experience instability in real estate and home loan markets, these strategies and resources will remain essential for successful homeownership.