

# Foreclosure Hotline Helps Colorado Homeowners Keep Their Homes

The Colorado Foreclosure Hotline connects borrowers with non-profit housing counselors who can provide information on a borrower's options when facing foreclosure. Counselors can also act as facilitators for communication between lenders and borrowers.

All assistance is provided to homeowners free of charge.

The hotline encourages any borrowers (homeowners) in the following situations to call the hotline:

1. Borrowers who have not yet missed a mortgage payment but are concerned they may miss future payments.
2. Borrowers who are already behind on the payments.
3. Borrowers who have received a notice of foreclosure.
4. Borrowers having trouble communicating with their mortgage lenders.

The Colorado Foreclosure Hotline network connects non-profit homeownership counseling agencies across Colorado in order to provide localized foreclosure counseling to callers seeking assistance in avoiding foreclosure.

**The Colorado Foreclosure Prevention Hotline is a collaborative effort by government, industry and community groups to present a unified front in combating the growing problem of foreclosures in the Colorado single family residential market.**

The Colorado Foreclosure Prevention Hotline is a collaborative effort by government, industry and community groups to present a unified front in combating the growing problem of foreclosures in the Colorado single family residential market. This hotline is designed at the highest level to increase borrower contact with their lender and ultimately designed to increase positive outcomes when dealing with a foreclosure.

## Survey Says: Hotline is Effective in Preventing Foreclosure

A Colorado Foreclosure Task Force was appointed to study the effectiveness of the hotline. Following is a summary of results from that study:

- At least 4 out of 5 callers to the Colorado Foreclosure Hotline who meet with housing counselors avoid foreclosure. More specifically, the number of callers who received counseling but lost their homes to foreclosure is likely between 7% and 19%. Only 7% of those surveyed confirmed foreclosure after meeting with housing counselors. It is possible that an additional 12% lost their homes to foreclosure (bringing the total to 19%), although this is unlikely since the 12% "includes bankruptcy, 'unable to contact,' and consumers choosing to

work with for-profit foreclosure consultants among other outcomes."

- Since a campaign of public service announcements launched, the hotline receives about 75 calls each day. The hotline (1-877-601-HOPE) connects callers with local housing counselors throughout the state. Homeowners who call are encouraged to meet with housing counselors and prepare a plan for working with the mortgage company to avoid foreclosure.
- The most common outcomes for callers who received counseling were: "brought mortgage current," (6%) "mortgage modified," (13%) "initiated repayment plan," (15%) "executed deed-in-lieu" (5%) or "sold home/preforeclosure sale" (22%).
- 38% of those surveyed will stay in their current homes, while 34% will leave or have left the home. 28% are still working to resolve the situation.
- While the homeowner generally considers the loss of home for any reason to be an unfortunate outcome, the avoidance of foreclosure, even if the home is lost, remains a primary goal since foreclosure can cost a homeowner any remaining equity in the home while seriously damaging the homeowner's credit.
- Among those surveyed, 42% were at least 3 months delinquent in their payments.
- 75% had conventional mortgage loans, 5% had FHA and VA loans, and 20% were unsure. 18% reported having adjustable rate mortgages, 16% had interest-only loans, and 7% had fixed-rate

## Outcomes in Foreclosure Prevention Counseling

When working with a homeowner faced with foreclosure there are many factors to consider when working towards a particular positive outcome. In most cases the ideal situation is to focus on sustaining homeownership. This goal of sustaining homeownership is the reference point of all professionally trained housing counselors. In the situation where sustaining homeownership is not in the best interest of the client, the housing counselors' role is to facilitate smart decisions in short order.

The batting average of the typical housing counselor must include a mixture of those cases where homeownership was preserved as well as where asset preservation was achieved. To have a homeowner with considerable equity attempt to maintain homeownership without the necessary income to meet the monthly debt service of the mortgage is detrimental to the client and the community. Whether staying in the home or leaving the home, the true goal of a housing counselor is to avoid the word foreclosure from being recorded on their credit report.

When leaving the home is the best decision there are many ways to avoid foreclosure from being permanently attached to his or her credit. There will always be those clients who choose to file bankruptcy, obtain a shady loan from a hard money source, interact with a for-profit foreclosure consultant, or walk away from the property. Success comes from those who choose to help themselves and choose an active role in the process.

---

*Colorado Foreclosure Hotline Number: (877) 601-HOPE (4673)*