

# Foreclosure Hotline Provides Hope, One Call at a Time

By Bob Kapel

I turn on the computer in my cubby, check for e-mail news updates on the housing industry, and then adjust my headset. I'm a counselor for the Homeowner's HOPE Hotline™.

Our agency, with 16 foreclosure prevention counselors, is one of five that work through the Homeownership Preservation Foundation ([www.995hope.org](http://www.995hope.org)). We try to help people avoid foreclosure, and we try to help those already in foreclosure to achieve the best possible outcome.

Unfortunately, most people wait to call until the situation has escalated or there's a crisis. I average five to six full counseling sessions each day, providing



*Bob Kapel at his work station*



some basic housing information, but 50 to 60 percent of callers turn into a full session.

To start, we take a look at their home loan. There are all kinds of loans and many lenders out there, but more than 50 percent of callers are facing foreclosure as a result of an adjustable rate mortgage. Rate increases are devastating to many sub-prime borrowers. Most had no buffer in their budget. And with many property values declining, homeowners simply don't have the equity to refinance.

Then we look at what I call "hardship." Facing foreclosure is usually coupled with things like job loss or cut back in hours, medical bills, short-term disability, a failed business, credit card debt or using credit cards to pay the mortgage, high utility cost, divorce, and high gasoline prices. There is a range of underlying hardships and the mortgage is just icing on the cake.

I recently had a client who had lost a loved one. Another client's husband left the day before, her disability payment doesn't cover the mortgage, and she has more than \$800 in expenses. You extend your sympathies as much as you can and just put your heart out there a little bit. Then you have to start addressing solutions.

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To figure out what their options might be, I gather all financial information. We'll look for liquid reserves — cash, 401(k)s, life insurance policies with cash value, or emergency access to other types of resources. After putting together a budget, I help clients consider options to reduce expenses, and brainstorm about ways to add income.

One client was making payments on three cars, so selling one or more will definitely cut expenses. Sometimes we ask a client to consider working a second job, renting out a room, or asking older children living at home to pay rent. Often if a client can get an offer letter or something that shows potential income, the lender may forebear for a month or two to prevent a foreclosure filing.

We e-mail lenders directly or conference them into the call with the client to work out the problem right then and there. Lenders are usually willing to work with homeowners. They don't want to end up with a house, especially in the current market. They lose money. We might set up or propose a repayment plan, request a review for mortgage modification, bring a loan current, or reinstate it if it's already in foreclosure.

We act in tandem with local neighborhood housing agencies, which provide feet-on-the-ground assistance. We can "warm transfer" a client directly to a neighborhood housing authority counselor, or e-mail the budget, session notes, and recommendations for them to follow up. Nonprofit Referral is also available for things like home repair, income tax assistance, energy assistance, and workman's compensation. As a last resort, we advise clients to seek legal counsel.

My sessions are long. I tend to listen. People can be defensive, ashamed, and even a bit antagonistic at the beginning, but those attitudes change if you show real concern and patience.

On to the next caller. I love this job. ■

*Bob Kapel is a Certified Consumer Credit Counselor for Springboard Nonprofit Consumer Credit Management in Riverside, California ([www.credit.org](http://www.credit.org)).*