



South Puget Sound Habitat for Humanity
Mortgage Policies
March 10, 2015

1. Payment Policies

- 1.1. **Due Date and Late Fees.** Mortgage payments are due the first day of each month. Mortgage payments received after the 15th day of the month are late. Except as provided hereafter, all late payments received after the 15th day of the month shall be charged a late fee. If full payment is made on or before the 15th day of the month, then no late fee will be charged. For delinquent accounts, “full payment” does not include any additional payment required under a forbearance agreement. “Full payment” is the regular monthly payment amount.
- 1.2. **No Partial Payments.** Partial payments are not accepted. All partial payments will be refused and returned. Late fees may be assessed.
- 1.3. **Payment Methods.** Payments may be made in person during regular business hours, sent via mail, or any other method of delivery, and must be received on or before the 15th day of each month. Acceptable forms of payment are cash, personal check, cashier’s check, money order and automatic withdrawal (ACH). Automatic withdrawal is a preferred payment method. Homeowners must submit an authorization form to participate in ACH. ACH payments are processed on or about the 5th of each month depending on holidays and weekends.
- 1.4. **Waiver of Late Fees.** Homeowner may formally request that late fees be waived. Formal requests must be in the form of a written letter, signed and dated by homeowner, sent via mail or hand delivered. E-mail and phone requests will not be considered. No late fee will be waived after the 15th day of the month the late fee is assessed. No more than two late fees may be waived in a calendar year. Late fees will not be waived for accounts with existing delinquencies or default, or accounts subject to the terms of a forbearance agreement (see below).
- 1.5. **Excess Funds.** If an account is current and payment is more than the amount due, excess funds will be applied to principal. If an account is delinquent and payment is made, then the payment will be applied to any late fees owed, then to escrow, and then to principal.

2. Delinquency Procedure

- 2.1. If payment is not received by the 15th of the month, SPSHFH will send a delinquency letter requesting immediate payment plus any additional fees.

- 2.2. If full payment curing the existing delinquency is not received by the 15th of the following month, or 30 days from the original delinquency, SPSHFH will send a second letter requesting immediate payment plus any additional fees. This letter will state the homeowner is “at-risk” of default and foreclosure.
- 2.3. If full payment curing the existing delinquency is not received on the 15th of the next month, or 60 days from the original delinquency, SPSHFH will send a final letter requesting immediate payment plus any additional fees. This final letter will state the homeowner is “at-risk” of default and foreclosure.
- 2.4. If full payment curing the existing delinquency is not received 90 days from the date of the original delinquency, SPSHFH will send via regular first class mail, and by certified mail, a notice of default demanding immediate full payment. SPSHFH will also attempt to personally serve the notice of default.
- 2.5. If full payment curing the existing default is not received 30 days from the date of the notice of default, SPSHFH will cause a notice of trustee sale to be issued and recorded with Thurston County.
- 2.6. The property will be sold at public auction 90 to 120 days after a notice of trustee sale is recorded.

3. Alternatives to Foreclosure

- 3.1. Homeowners may formally request an alternative to foreclosure. Formal requests must be in the form of a written letter, signed, dated and sent via mail or personally delivered. E-mail and phone requests will not be considered. Unless otherwise provided herein, SPSHFH will only consider requests received before a notice of trustee sale is recorded.
- 3.2. Homeowners are strongly advised to consult an attorney or certified housing counselor to explore other alternatives and options to foreclosure.

4. Forbearance Policy

- 4.1. Description: forbearance is a formal written agreement where SPSHFH agrees to forbear its rights and remedies against homeowner’s default, i.e. foreclosure, if and only if homeowner makes payments to cure his or her existing default in addition to the regular monthly mortgage payment and meets the terms and conditions of the forbearance agreement.
- 4.2. Eligibility
 - 4.2.1. The existing default must be less than three regular mortgage payments.
 - 4.2.2. The existing default must amortize over 24 consecutive months.

4.2.3. SSPSHFH will consider homeowner's payment history to assess homeowner's ability to pay and willingness to partner. Homeowners with a history of late or delinquent payments, including previous forbearance agreements or notices of default, may not qualify. SSPSHFH will assess payment history on a case-by-case basis.

4.3. General Terms

4.3.1. Homeowner must make payments to cure the existing default in addition to and on the same date as regular monthly mortgage payments.

4.3.2. Homeowner must continue to make regular monthly mortgage payments during the entire forbearance period.

4.3.3. Homeowner must comply with the terms and conditions of the forbearance agreement.

4.3.4. Any violation of the terms and conditions of the forbearance agreement will cause a notice of default to be issued. If a notice of default is issued because homeowner has violated the terms of a forbearance agreement, homeowner is ineligible for subsequent forbearance agreements.

4.4. Procedure

4.4.1. Homeowner may receive three letters: delinquency letter (2.1), first at-risk letter (2.2), and second at-risk letter (2.3).

4.4.2. Homeowner requests forbearance before a notice of default is sent.

4.4.3. After requesting forbearance, staff will assess homeowner's eligibility.

4.4.4. If homeowner is eligible for forbearance, then staff will prepare forbearance agreement.

4.4.5. If homeowner is ineligible for forbearance, then a notice of default will be prepared and sent to the homeowner.

4.4.6. Once notice of default is sent, homeowner is ineligible for forbearance.

5. Deed-in-lieu Policy

5.1. Description: deed-in-lieu is short for deed in lieu of foreclosure. It is a formal written agreement where homeowner agrees to surrender possession of the home (i.e., homeowner moves out) and conveys ownership of the property to SSPSHFH (i.e.,

SPSHFH will own the property) in lieu of SPSHFH's rights and remedies against the homeowner's default (i.e. foreclosure).

5.2. Eligibility

5.2.1. Homeowner may qualify at any time before a notice of trustee sale is recorded.

5.3. Procedure

5.3.1. Homeowner may receive four letters: delinquency letter (2.1), first at-risk letter (2.2), second at-risk letter (2.3), and notice of default (2.4).

5.3.2. Homeowner requests deed-in-lieu before a notice of trustee sale is recorded.

5.3.3. SPSHFH and homeowner will negotiate an acceptable move-out timeline and date.

5.3.4. Once notice of trustee sale is recorded, homeowner is ineligible for deed-in-lieu.

6. Amendment and Revision

6.1. SPSHFH may amend and revise the policies herein at any time. SPSHFH will notify homeowners of any amendments and revisions.

6.2. SPSHFH will notify homeowners of these policies at least once each year.

6.3. The policies and procedures described herein do not join, amend, supersede or replace any term or condition of any deed of trust, promissory note(s) or any other security instrument signed by any homeowner and SPSHFH.