

FAQ

FREQUENTLY ASKED QUESTIONS ABOUT FORECLOSURE



You probably have many questions about being in foreclosure. This guide will give you basic answers, but your housing counselor and attorney will be valuable resources throughout this process because they can provide you with information specific to your case.

Q1: How long does the foreclosure process take?

A1: The average foreclosure in NY takes about 2 years. NY is a judicial foreclosure state, which means that the bank has to go through a court process before they can get a judgment of foreclosure.

Q2: Do I have to move out of my house now?

A2: No. The foreclosure process in NY is very long, and you do not need to move unless the property is sold at auction, which is the last step in the foreclosure process. You can, and in most cases, should, continue to live in your home throughout the process.

Q3: I am behind on my mortgage, but have not yet been served with foreclosure papers- what should I do?

A3: You should start working with the bank to see if you qualify for a loan modification or other workout options. HUD certified housing counselors are available to assist you with assembling and submitting your application.

Q4: The bank stopped accepting my payments-why?

A4: After you have missed a number of payments, the bank will accelerate your loan and only accept the entire amount that you are behind. Once the loan is accelerated, the lender is no longer required to accept payments.

Q5: Why do I have to submit my financial paperwork to the bank again? I have already submitted it several times before.

A5: Once you start working with your housing counselor or attorney, it is often best to start with a fresh, new submission. The bank will not review documents that are more than 60-90 days old, and you will likely have to provide updates, depending on how long the review process takes. Submitting documents also shows the court that you are willing to negotiate in good faith.

Q6: What is a loan modification? Will I have to put any money down?

A6: There are many kinds of loan modifications. Most will create a new term (30 or 40 years), reduce your interest rate and start you with a new payment. Your housing counselor and attorney will go over possible options that you may qualify for. Some, not all, loan modifications will ask that you make a down payment. We recommend that you set money aside each month if possible so that you are prepared in the event that you have to make a down payment.

Q7: If I did not answer the summons and complaint, will I still have a chance to save my home?

A7: Yes. Even if you did not file an answer, you will be eligible for a settlement conference if you are living in your home as your primary residence. The settlement conference will allow your attorney and the bank to negotiate within the court system to see if an agreement can be reached.

Q8: What is a settlement conference?

A8: A settlement conference is generally scheduled about 60 days after the bank files proof that all parties have been served with the foreclosure papers. The conferences take place in court, and a court attorney referee presides over them. They are intended to be a venue for you to negotiate with the bank to see if any options are available to keep you in your home. While your case is in the settlement conference part, the foreclosure is on hold.

Q9: How many settlement conferences will I have? Should I attend all of the settlement conferences?

A9: The number of settlement conferences that will be held will vary depending on your circumstances, but there is no set limit for the number that can be held. The process can take many months. It is very important that you and/or your attorney attend the settlement conferences. Your attorney will tell you whether you need to be at the first and future conferences.