

Delinquency Policy

(approved by Board Action 3/18/14)

1. All payments are **due** on the 1st day of each month. A payment is “late” if it is not received on the 1st day of each month, but a late fee will not be assessed unless the payment is received after the penalty date established in the mortgage document.
2. If the payment is received after the penalty date, a **late fee** of 10% of the payment due with a maximum of \$30 is charged for each late payment. The fee period and amount will be included in the mortgage document. Within 5 days after the expiration of the grace period, a letter will be sent from the affiliate to the homeowner notifying the homeowner of the assessment of the late fee due to the fact that the homeowner’s payment is “late.” The letter will also inform the homeowner that not paying before the 1st day of the next month may cause a default. Letters will also be sent to all homeowners who remain delinquent from previous missed payments.
3. A **bounced check fee** is charged for each returned check. The amount of the bounced check fee will be the amount that fully recovers the bank’s fees. After the third returned check, only certified checks or money orders will be accepted from the homeowner by the affiliate.
4. A payment is **delinquent** after 30 days from the payment due date and:
 - a. A 30-day notice will be sent by regular mail requesting payment or an approved remediation plan. If the delinquent amount cannot be paid by the homeowner in full within two weeks, the homeowner must meet with the Legal Committee within two (2) weeks of the 30-day delinquency notice to create an approved remediation and payment plan. One week after the 30-day notice is sent by the affiliate to the homeowner, the Executive Director or Office Administrator must call the homeowner to make sure they have received this notice and to attempt to schedule the meeting within one week.
 - b. The remediation and payment plan may be revised only one (1) time prior to the delinquent amount being paid in full and may include financial counseling with a third party agency approved by the affiliate.
 - c. The remediation and payment plan must be successfully completed as scheduled.
5. If there has been no response from the homeowner by the 45th day from the payment due date, a staff or Legal Committee member of the affiliate will visit the home (Being proactive is critical in helping a homeowner before issues with other creditors of the homeowner arise, which could result in liens on the home and more problems with delinquencies on the mortgage. The home visit will also protect your asset by making sure the home has not been abandoned.).
6. If no action is taken by the homeowner by the 60th day after payment is due, and before the account becomes **75 days delinquent**, a “**Foreclosure Pending**” notice will be sent by both regular and registered (certified) mail to the homeowner on the 60th day after payment is due. The Foreclosure Pending notice should state that the affiliate’s Board of Directors will vote

on foreclosure when the account becomes 90 days delinquent. The letter will remind the homeowner that he or she must meet with the affiliate's Executive Director or Family Services Manager to create an approved remediation and payment plan.

7. Foreclosure will be recommended in the following situations:

a. When an account is **90 days delinquent** without an approved remediation and payment plan,

OR

b. When a homeowner has failed to successfully complete a remediation and payment plan as scheduled.

8. Once recommended by the legal committee the board will vote on foreclosure. If the board votes in favor of foreclosure, the homeowner will receive through regular and registered (certified) mail letters informing the homeowner that he or she has 30 days to:

a. Become current with delinquent payments, **OR**

b. sell his or her home (subject to the limitations established in their first or other mortgages for any affordability periods and/or resale restrictions), **OR**

c. If there are no other liens or claims on the title and it is acceptable to the affiliate, sign a deed-in-lieu of foreclosure to return the property to the affiliate, **OR**

d. Allow foreclosure to proceed. After foreclosure proceedings begin, the only option available to the homeowner shall be to pay the entire delinquent amount and all legal costs.

Alternatively, the affiliate can demand payment in full of the entire mortgage and second mortgage.