

Faces of foreclosure

By Eddie Huffman, Staff Writer

Losing your home through foreclosure is bad, but perhaps not quite as bad as some people would have you believe, a lawyer told participants in a foreclosure workshop earlier this week.

“There is no such thing as debtors’ prison in North Carolina,” said **Melany Earnhardt**, an attorney with the Greensboro office of **Legal Aid of North Carolina**. “People will suggest that you might wind up in jail if you don’t pay your debts — it’s not true.”

While the threat of foreclosure won’t land you behind bars, it does have serious potential consequences, which Earnhardt spelled out in a workshop called “N.C. Foreclosure Process and Lending Practices — Your Rights!” held Tuesday at the Women’s Resource Center of Greensboro.

“A foreclosure can stay on your credit history up to 20 years,” she said.

Other consequences may include loss of shelter, loss of equity in your home, difficulties finding another place to live, moving expenses and unexpected tax obligations.

“The community has been hit fairly hard,” **Earnhardt** said after the workshop. In recent years, work with clients facing foreclosure has gone from about one-third of her work with Legal Aid to her sole responsibility. “Our program resources are really funneled heavily into trying to help clients save their homes.”

She offered a list of community resources to help people facing foreclosure, as well as several courses of action to prevent fore-closure or minimize its negative effects:

- Work with your lender to come up with a mutually agreeable payment plan to catch up on overdue mortgage payments.

- Apply for help from a government program, such as the federal Making Home Affordable (MHA) program or the N.C. Housing Finance Agency’s Mortgage Payment Program.
- Work with your lender on a short sale — selling your house for less than its worth with an agreement that the lender will forgive any difference between the sale price of the house and the amount still owed on your mortgage.
- Declare bankruptcy.
- Ask for a deed in lieu of foreclosure, where you turn over the deed to your lender and they sell the house. But Earnhardt cautioned that you should ask for this option before your lender invests a lot of time and money in the foreclosure process.

“The incentive for the bank is it doesn’t cost them any more time or money,” she said. “The incentive for you is that you don’t have a foreclosure on your record.”

The workshop drew a diverse audience. One couple attended because they face foreclosure since the man lost his job. Raymond Morgan of Kernersville, who is interested in buying a foreclosed house in South Carolina, wanted to know more about the process. And Ann Hardee, a Realtor with Prudential Yost and Little Realty in Greens-boro, said she came to the workshop so she could better serve her clients.

“As a Realtor, I work with a lot of people facing foreclosure, people doing short sales, and I wanted to hear the legal end of the foreclosure process,” she said.

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Find out more

Resources for homeowners facing foreclosure include:

- Legal Aid of North Carolina: 272-0148 (Greensboro office); www.legalaidnc.org
- Homeowners HOPE Hotline: (888) 995-4673; www.995hope.org
- N.C. Housing Finance Agency: (800) 393-0988; www.nchfa.com
- N.C. Commissioner of Banks: (888) 384-3811; www.nccob.gov
- N.C. Attorney General’s Consumer Protection Division: (877) 5-NO-SCAM; www.ncdoj.gov/Consumer.aspx
- U.S. Department of Housing and Urban Development (HUD): (800) 569-4287; www.hud.gov
- Bankruptcy Attorney, N.C. Lawyer Referral Service: (800) 662-7600; www.ncbar.org/public-pro-bono/lawyer-referral-service.aspx

Source: Melany Earnhardt, managing attorney (consumer), Legal Aid of North Carolina