

CAAB's newsletter is designed to ensure that our IDA/MDA Savers are fully informed about relevant money management topics, effective savings strategies, financial education opportunities in the DC area, and upcoming CAAB events. Every month, we will feature a different article focusing on strategies or products that can help you plan for and achieve your savings goals.

Protecting Yourself from Foreclosure

by Emily Appel

It's tempting: a mortgage that allows you to buy a nicer house with a lower monthly payment than you expected you could afford, and the interest rate seems pretty reasonable. It may go up or down based on the economy, but that's years away so you don't have to worry about that right now, right?

Wrong! What I just described is called an Adjustable Rate Mortgage (or ARM), and it's causing a lot of people a lot of grief these days. While ARMs are a good choice for some people, they may not be a good choice for everyone. The low interest rate and low monthly payments are only temporary – they're called 'adjustable' because in the mortgage agreement, the lender reserved the right to change the interest rate and monthly payments down the road, based on what the market's doing. If interest rates in general have gone up, so could yours – anywhere from ¼ to ½ percent all the way to 3 to 4 percent. This translates to higher monthly payments, which you may not have budgeted for and may not be able to meet.

Of course, other circumstances could cause someone to be unable to

meet their monthly mortgage payment – loss of a job, hospital bills from a sickness or an accident, or some other emergency that throws your finances out of order.

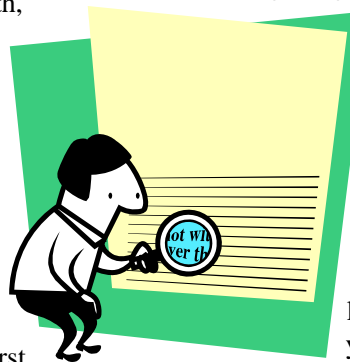
Mortgage payments aren't like credit cards, where you can make a minimum payment one month,

agree to take finance charges, and just have a bigger bill the next month. Even a first missed (or late) payment can be reported to the credit bureaus – often with devastating effect on your credit score. Each late payment reported after that will further decrease your score, and the lender may tack on late payment fees.

What's worse, after three or more missed payments, the lender can file a "notice of default" – a legal document warning that unless you get caught up with your payments, they'll go forward with the foreclosure process and put your house up for sale.

This is a place you *really* don't want to get to. After the notice is filed, the mortgage company is less willing to

work out an alternative payment plan, and even if you find a way to pay back all that you owed, they may demand that you refinance with another lender, and now that your credit score has taken a beating from the missed payments and notice of default, you certainly won't be getting a *better* rate.



So if you've started down the road to foreclosure, what can you do to get back on track?

First off, figure out what changed in your personal or family finances that kept you from making your mortgage payments on time. Was it a

temporary, one-time set-back, or will it be a permanent change in your finances? Take another look at your budget, and decide where homeownership fits in your priorities now. It hurts, but the best option may be to sell your house to avoid going through foreclosure and instead allow you to focus on finding a home that's more realistic for your current situation.

Know that you have the power to negotiate with your mortgage lender, to adjust the terms of the mortgage or create a payment plan to make it more manageable for you. It's in their best interest to work with you – they will make more money if everything works out than if they have to go through the legal process of foreclosure. The lender can

CONGRATULATIONS!

The following savers made asset purchases in the month of July:

Home

Ana Ayala
Rachel Anne Dickerson
Gloria Gallo
Rosa Reyes
Marvin Talley
Darlene Williams

Education

Lindsay Barnett
Hershell Hager
Earnest Jackson

Small Business

Bernardo Figueroa

temporarily reduce your monthly payments or set up short-term repayment plans to help you make up the deficit.

You have to be proactive about this – mortgage companies are much more likely to negotiate with borrowers who keep in touch and address their situation instead of ignoring the missed payment letters. Plus, the sooner you can work out a solution with your lender, the less potential damage to your credit score.

The good news is that you don't have to go through all this alone. Homeowner's HOPE™, a counseling service provided by the Homeownership Preservation Foundation can help you make a plan and contact the mortgage company. It's a free call (1-888-995-4673) where you talk to a real person who will work with you to figure out a plan of action to avoid
(continued on next page)

Protecting Yourself from Foreclosure (cont'd)

foreclosure. The staff are trained counselors who will listen to your situation non-judgmentally and coach you to negotiate successfully. They know the ins and outs of the mortgage world, and can share new

solutions that you may not have thought of yet. They'll work with you no matter what type of mortgage you have, and regardless of whether the hurdles keeping you from making your mortgage

payments are long-term or temporary ones.

Find out more about the Homeowner's HOPE at www.995hope.org or call 1-888-995-4673 – the phone line is open 24/7. Spanish-speaking counselors are also available and the counseling service is absolutely free.

Capital Area Asset Builders
1801 K Street NW, Suite M100
Washington, DC 20006
Phone: 202-419-1440
www.caab.org

UPCOMING EVENTS & ANNOUNCEMENTS

Property Management Certificate Program

at CCAHE, Greater Southeast Community Hospital, 1310 Southern Ave SE
(Southern Ave metro)

Fundamentals of Property Management (\$75) Every
Thursday starting August 23, from 6:30 - 9:30 pm

Business Communications (\$75) Wednesdays, August 22 and
29, from 6:30 - 9:30 pm

LSDBE Institute

offered by the National Capital Revitalization Corporation and held at
SunTrust Bank, 1445 New York Ave NW (McPherson Square metro)

**Local Small Disadvantaged Business Enterprise (LSDBE)
Program Overview** (Free) Wednesday, August 22, from 6:30 –
9:30 pm

LSDBE Project Management (\$50) Thursday, August 30, from
6:30 – 8:30 pm

Center for Entrepreneurship

at Southeastern University, 501 I Street SW (Waterfront SEU metro)

Creating and Understanding Financial Statements (\$50)
Tuesday, August 21, 6:30 - 9:30 pm

Low Income Female Entrepreneurs

at Southeastern University, 501 I Street SW (Waterfront SEU metro)

How to Network (Free) Monday, August 27, 1:00 - 3:00 pm
If you're working for yourself or desire to work for yourself,
you can't afford to be a wallflower. Find out ways to promote
yourself with confidence. Reserve your space today! Call 202-
478-8231.

Mayor Adrian M. Fenty's Citywide Job Fair 2007

August 22, 10 am - 4 pm at the
Washington Convention Center

The event will feature more than 150 of the District's top employers in both the public and private sector, including job opportunities with the DC Government. Sponsored by the DC Department of Human Resources and the DC Department of Employment Services.

But why wait until August 22 to make your next career move? Visit [Mayor Adrian M. Fenty's 2007 Citywide Job Fair Jobseeker Information Center](http://MayorAdrianM.Fenty.com) online and review current job opportunities from the employers weeks before the event.

WOMEN: BUILD YOURSELF A BETTER FUTURE IN 12 WEEKS!

*Train for a high-paying job in the non-traditional trades
Construction, mechanics, electrician, plumbers, and more!
Successful graduates begin earning \$11.62 hourly*

Are you 18 or older? Do you have a high school diploma or GED? Are you ready to make more money? Are you ready for a job change?

**FREE TRAINING starts September 24 at YWCA National
Capital Area (624 Ninth Street NW - Gallery Place metro)**

- ◆ Earn certificates
- ◆ Learn at local construction trade union training sites
- ◆ Prepare for high paying construction apprenticeships
- ◆ Job placement assistance
- ◆ Comprehensive social support services before, during, and after job placement

ORIENTATION

**August 24, 31, and
September 14 1:00 - 3:00 pm.**
For more info contact Alyssa
Best at 202-464-1596 ext. 102



Academy of Hope
is now offering

Computer Fundamentals and Basic Excel classes.

Call 202-269-6623 to register or for
more information. Tuition is \$50.

Computer classes meet twice a week for
4 weeks beginning September 10

Basic Excel

Monday & Wednesday 9:00 – 11:00 am

Monday & Wednesday 6:30 – 8:30 pm

Excel class requires some computer experience.

Computer Fundamentals

Tuesday & Thursday 9:00 – 11:00 am

Tuesday & Thursday 6:30 – 8:30 pm

Classes held at 601 Edgewood Street NE Ste.
25 Washington, DC 20017. Take Red Line
Metro to Rhode Island Avenue Station or use
D8 or G8 bus lines.