

Lenders Compliance Group

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HUD: Revises SCRA Foreclosure Protection Notice



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On January 24, 2011, I discussed some of the [foreclosure problems that our veterans have been dealing with](#) as a result of actions taken by lenders to foreclose that are inconsistent with the ruling law.

Indeed, JP Morgan Chase (JPM) [improperly foreclosed on 14 veterans and overcharged in interest 4,000 veterans](#). JPM is now seeking means to rectify and redress the circumstances, although lawsuits, politicians' posturing, congressional committees, and federal prosecutors are following up.

For the affected veterans, it can't be too satisfying to learn that [JPM's public relation's response was that they felt "particularly badly" and they "made mistakes."](#)

In my [Commentary](#), entitled [Accidentally Closing on Veterans](#), I asked:

- **But did these properties become REOs in spite of prompt claims processing, accurate charging of the required mortgage interest by lenders, proper application of the protections provided by the aforementioned laws, and providing foreclosure prevention remedies, mediation, and assistance to veterans?**

What follows is a brief synopsis of a revised notice to veterans about the foreclosure protections afforded them under the [Servicemembers Civil Relief Act](#) (SCRA). Such disclosures are all well and good, but compliance by lenders with the applicable statutes is all that really matters.

Best wishes,

[Jonathan](#)

Certain Foreclosure Protection Provisions

In [Section 2203 of the Housing and Economic Recovery Act of 2008](#) (HERA), the following provisions are set forth:

- **Extension of Period of Protections Against Mortgage Foreclosures;**
- **Treatment of Mortgages as Obligations Subject to Interest Rate Limitation; and,**
- **Effective Date (July 29, 2008) and Expiration Date (December 31, 2010)**

Salient provisions included the specific relief to active duty soldiers with, among other things, one year relief from increases in mortgage interest rates. Soldiers returning from war could expect that, under current law, those interest rates would be no more than 6%, and their mortgages are not subject to the delinquency process, let alone having their properties subject to foreclosure.

Extension of certain SCRA foreclosure protections from 3 to 9 months, allowing a returning service member time to meet with the lender and take corrective action.

NOTE: the HERA extension of foreclosure protections were required to expire on December 31, 2010.

But on December 29, 2010, President Obama signed into law S.4058, known as the [Helping Heroes Keep Their Homes Act of 2010](#) (Helping Heroes Act, or HHA), which now **extends the expiration date of the 9 month foreclosure protection until December 31, 2012.**

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Legal Rights and Protections Under the SCRA

Who May Be Entitled to Legal Protections Under the SCRA?

What Legal Protections Are Servicemembers Entitled To Under the SCRA?

- Disclosure: The SCRA states that a debt incurred by a servicemember, or servicemember and spouse jointly, prior to entering military service shall not bear interest at a rate above 6 percent (6%) during the period of military service, and to a one year period following the end of the service member's military service.
- Disclosure: The SCRA states that in a legal action to enforce a debt against real estate that is filed during, or within 9 months after the servicemember's military service, a court may stop the proceedings for a period of time, or adjust the debt.
- Disclosure: The sale, foreclosure, or seizure of real estate shall not be valid if it occurs during, or within 9 months after the servicemember's military service unless the creditor has obtained a court order approving the sale, foreclosure, or seizure of the real estate.

The SCRA contains many other protections besides those applicable to home loans.

How Does A Servicemember or Dependent Request Relief Under the SCRA?

How Does a Servicemember or Dependent Obtain Information About the SCRA?

Visit Library for Issuance



Servicemembers Civil Relief Act Notice Disclosure
HUD-92070 (1/18/11)



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