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**The Threshold**

Neighborhood Housing Services of East Flatbush, Inc.  
718-499-2579 www.nhsflatbush.org  
Our Neighborhood. Our Home. Our Future.

Summer 2012

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Rodney Greenlee

**Homeownership Program Coord.**  
John George Taylor

**Foreclosure Prevention Program Manager**  
Angela Davidson

**Foreclosure Prevention Program Assistant**  
Luz Torres

**Home Maintenance Instructor, Consultant**  
Mark Whittingham

**Construction Manager, Consultant**  
Wayne Giraud

**Best Expectations: Mrs. Crochran's Modification Story**

Cutting back on expenses nowadays seems to be a way of life. Dolores Crochran, a 38-plus-year resident of East Flatbush, living retired in 1998 and now on a fixed income, found it difficult to scrape by with a monthly mortgage and other expenses. General Motors Acceptance Corporation (GMAC) is the originator of her mortgage and is currently the servicer of the loan.

"My belief was that a modification is what I needed. If you are doing the right thing, God will bless you," said the Alabamian native. "When I applied, God was working for me too." Having refinanced her home during her employment with the phone company, a mistake she has admitted, increased her monthly payments. That was when the real estate market in New York City was white hot and booming. The amount of equity she applied, God was working for me too." Having refinanced her home during her employment with the phone company, a mistake she has admitted, increased her monthly payments. That was when the real estate market in New York City was white hot and booming. The amount of equity she applied, God was working for me too." Having refinanced her home during her employment with the phone company, a mistake she has admitted, increased her monthly payments. That was when the real estate market in New York City was white hot and booming. The amount of equity she



**Reverse Mortgage: the Good, the Bad, the Plain Truth**

There are many truths concealed lightly inside myths concerning Reverse Mortgages that it becomes almost imperceptible. Angela Davidson, a Foreclosure Intervention Program Manager and certified HUD Home Equity Conversion Mortgage (HECM) Counselor for Neighborhood Housing Services of East Flatbush (NHSFP), added some clarity to the issue.

A Reverse Mortgage is a home loan, available to persons 62 and older, to convert a portion of their home equity into cash. Payments can be made monthly, as a line of credit, as a lump sum, or a combination of the three. There are two types of reverse mortgages: HECM and Proprietary. HECM was created by the Department of Housing and Urban Development (HUD). The loan is insured by a private lending institution and insured by the Federal Housing Administration (FHA). According to HUD, HECM makes up 99% of the Reverse mortgages in the market.

Proprietary Reverse Mortgages are non-FHA backed loans issued by banks and mortgage companies. "Homeowner seeking HECM must first be counseled by a HUD-approved counselor," said Ms. Davidson.

The idea of a Reverse Mortgage was created to address the rising living and health care expenses of homeowners who may have considerable equity yet are on a limited income. There are many myths about concerning Reverse Mortgages one of which includes that it is just another scam of fleecing the elderly. "The program is guaranteed by HUD and as a result counseling is required and all information is verified and double checked," said Ms. Davidson. "HUD and the lender have to conduct the diligence in ensuring that the homeowner is the person on the deed. Moreover, under HECM, each year the borrower is charged insurance of 1.25% of the loan balance. This is to protect the borrower if they are not able to make payments and if the sale of the home is unable to cover the loan amount.

Another sturdy myth is that

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