Avoiding Foreclosure

Nothing is worse than doing nothing – reach out and ask for help!

If you are facing problems making your mortgage payments due to divorce, unemployment, disability, or because of an increase in your mortgage payments — **you can take action** to avoid losing your home to foreclosure. Here are some important steps that you should take **now**:

Call your mortgage company right away to talk about ways to address your situation
If you are behind on your payments or think you may be unable to make your payments in the future, speak with your mortgage company. You can find the contact information on your monthly mortgage statement or coupon book. It is important to act quickly because if you fall farther behind in your payments, there are fewer options to avoid foreclosure.

If you are unable to reach your mortgage company or prefer speaking with a homeownership counselor, **contact the Homeownership Preservation Foundation at 1-888-995-HOPE.** Experienced counselors can help you consider the best plan of action for your personal financial situation.

Understand your options
Your mortgage company or a homeownership counselor can help you understand the options available to you to help keep your home.

- **Forbearance**—If you face a temporary financial hardship, such as one caused by a job loss, your mortgage company may agree to temporarily reduce or suspend your payments. This agreement is called forbearance and means that you pay only a portion of your regular payment or no payment at all for a specific period of time. At the end of the forbearance period, you will begin making regular payments and also pay an additional amount to pay off the past-due amount.

- **Repayment Plan**—If you have missed some of your monthly payments, the mortgage company may be able to help you catch up by creating a schedule for repaying the past-due amounts.

- **Loan Modification**—In some cases, the terms of the mortgage can be permanently changed to make payments more affordable. A loan modification could extend the number of years of the loan or change an adjustable interest rate to a fixed rate. This might be appropriate if you are facing a long-term financial problem.

Foreclosure will damage your credit rating and your ability to borrow money—or buy a home—in the future. When the above options don't work or you know you must move to other housing because you can no longer make your monthly payment, you may need to sell your home.

Pre-foreclosure Sale or Deed-in-Lieu of Foreclosure—If you cannot sell your home for an amount that will pay off the mortgage loan, talk to your mortgage company about a pre-foreclosure sale. The mortgage company may be willing to accept a payoff amount less than you owe. If you cannot sell your home in a reasonable period of time, your mortgage company may ask you to sign a deed transferring the property to them voluntarily to help avoid the impact of a foreclosure on your credit rating.