

### **Avoiding Foreclosure:**

HUD (U.S. Department of Housing and Urban Development – [www.hud.gov](http://www.hud.gov) ) identifies three options when you become more than 90 days past due on your mortgage (also referred to as when your home enters “loss mitigation” ) to prevent foreclosure:

- 1) **Advance claim**, where the borrower agrees with an insurer to a promissory note for the overdue amount on the loan
- 2) **Forbearance plan**, in which the borrower receives a temporary agreement to pay smaller monthly payments. By the time the forbearance plan is approaching the end, the borrower is making higher payments
- 3) **Permanently change the terms of the loan with a different interest rate** and perhaps more years to pay off the debt. This option benefits people whose financial situation (such as monthly earnings) is not going to recover.

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### **Speak with a HOPE NOW Alliance counselor free of charge:**

Call a HUD sponsored counselor through the “**HOPE NOW Alliance**” for guidance and understanding of your situation, identify your options and help you to work with your servicer to hopefully find an alternative to foreclosure. 1.888.995.HOPE or 1.888.995.4673

United States Department of Housing and Urban Development – [www.hud.gov](http://www.hud.gov)

[Atlanta Regional Office](#)  
40 Marietta Street  
Five Points Plaza  
Atlanta, GA 30303-2806

JOSEPH P. GALVAN (404) 331-5001  
Acting Regional                      email  
Director                                      [GA\\_Webmanager@hud.gov](mailto:GA_Webmanager@hud.gov)

## **10 Tips for Avoiding Foreclosure**

Are you having trouble keeping up with your mortgage payments? Have you received a notice from your lender asking you to contact them?

- Don't ignore the letters from your lender
- Contact your lender immediately
- Contact a [HUD-approved Housing Counseling Agency](http://www.hud.gov/offices/hsg/sfh/hcc/hcc-home.cfm) ([www.hud.gov/offices/hsg/sfh/hcc/hcc-home.cfm](http://www.hud.gov/offices/hsg/sfh/hcc/hcc-home.cfm))
- Toll FREE (800) 569-4287 or 1.888.995.4673

### **If you are unable to make your mortgage payment:**

**1. Don't ignore the problem.** The further behind you become, the harder it will be to reinstate your loan and the more likely that you will lose your house.

**2. Contact your lender as soon as you realize that you have a problem.** Lenders do not want your house. They have options to help borrowers through difficult financial times.

**3. Open and respond to all mail from your lender.** The first notices you receive will offer good information about foreclosure prevention options that can help you weather financial problems. Later mail may include important notice of pending legal action. Your failure to open the mail will not be an excuse in foreclosure court.

**4. Know your mortgage rights.** Find your loan documents and read them so you know what your lender may do if you can't make your payments. Learn about the foreclosure laws and timeframes in your state (as every state is different) by contacting the State Government Housing Office.

**5. Understand foreclosure prevention options.** Valuable information about foreclosure prevention (also called loss mitigation) options can be found on the internet at [portal.hud.gov/portal/page?\\_pageid=33,717348&\\_dad=portal&\\_schema=PORTAL](http://portal.hud.gov/portal/page?_pageid=33,717348&_dad=portal&_schema=PORTAL).

**6. Contact a HUD-approved housing counselor.** The U.S. Department of Housing and Urban Development (HUD) funds free or very low cost housing counseling nationwide. Housing counselors can help you understand the law and your options, organize your finances and represent you in negotiations with your lender if you need this assistance. [Find a HUD-approved housing counselor near you](#) or call (800) 569-4287.

**7. Prioritize your spending.** After healthcare, keeping your house should be your first priority. Review your finances and see where you can cut spending in order to make your mortgage payment. Look for optional expenses-cable TV, memberships, entertainment-that you can eliminate. Delay payments on credit cards and other "unsecured" debt until you have paid your mortgage.

**8. Use your assets.** Do you have assets-a second car, jewelry, a whole life insurance policy-that you can sell for cash to help reinstate your loan? Can anyone in your household get an extra job to bring in additional income? Even if these efforts don't significantly increase your available cash or your income, they demonstrate to your lender that you are willing to make sacrifices to keep your home.

**9. Avoid foreclosure prevention companies.** You don't need to pay fees for foreclosure prevention help-use that money to pay the mortgage instead. Many for-profit companies will

contact you promising to negotiate with your lender. While these may be legitimate businesses, they will charge you a hefty fee (often two or three month's mortgage payment) for information and services your lender or a [HUD approved housing counselor](#) will provide free if you contact them.

**10. Don't lose your house to foreclosure recovery scams!** If any firm claims they can stop your foreclosure immediately if you sign a document appointing them to act on your behalf, you may well be signing over the title to your property and becoming a renter in your own home! Never sign a legal document without reading and understanding all the terms and getting professional advice from an attorney, a trusted real estate professional, or a [HUD approved housing counselor](#).