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Important Tips to Avoid Foreclosure

1. Contact your lender as soon as you identify a problem. Lenders don't want to own your home, but they do have options to help you during difficult times. Before reaching out to your lender or a housing counselor, compile account information and a summary of your financial problems. Include recent income statements and your household budget.

2. Don't ignore the problem. The further behind you are, the harder it is to reinstate your loan and foreclosure becomes more likely.

3. Get help immediately. If you are having difficulty with mortgage payments now or expect difficulty in the future, call your lender! Lenders can provide options that may allow you to save your home.

4. Contact a NeighborWorks organization near you. Visit www.NeighborWorks.org/Our-Network/Network-Directory to find local assistance. Housing counselors will help explain your options under the law and can assist in organizing your finances and representing you in lender negotiations.

5. Open and respond to all lender correspondence. The first notices you receive will offer helpful information about foreclosure prevention options. Failure to open the mail will not delay or stop the foreclosure process.

6. Know your mortgage rights. Find your loan documents and read them to understand what your lender may do if you can't make payments. Learn about the foreclosure laws and timeframes in your state (every state is different) by contacting a U.S. Department of Housing and Urban Development-approved housing counseling agency or your state's housing bureau.

7. Understand foreclosure prevention options. Valuable information about foreclosure prevention options (also called loss mitigation) can be found at www.knowyouroptions.com.

8. Avoid so-called foreclosure prevention companies. Don't pay fees for foreclosure prevention help. Instead, pay the mortgage with that money. Many for-profit companies will promise to negotiate with your lender. These may be legitimate businesses, but they charge hefty fees (often equivalent to multiple mortgage payments) for information and services your lender or housing counselor will provide for free.

9. Don't sign a legal document without reading it and understanding all of the terms. Get advice from a certified housing counselor first. If you sign a document appointing someone else to act on your behalf, you might be signing over the title to your property. Don't become a renter in your own home!

10. Maintain a household budget. A budget helps you recognize potential problems before they arise, providing time to change your commitments and behavior. Review your expenses monthly, especially if your circumstances — and your income — have changed. Set goals and work toward them.

