

# *In Danger of Foreclosure of Losing Your Home What should you do?*

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Whatever the reason may be that has caused you to fall behind in your mortgage payments, **nothing is worse than doing nothing at all.** Avoiding speaking with your lender will not help you solve the problem. If you are struggling to make your mortgage loan payments and need help with your mortgage due to any of the following reasons, contact your lender to find out if they can help.

- Loss of Job
- Reduced Income
- Adjustable Rate Mortgage Reset- Payment
- Divorce
- Illness
- Medical Bills
- Death
- Damage to Property (natural disaster or unnatural)
- Failed Business
- Job Relocation
- Death of Spouse or Co-Borrower
- Incarceration
- Marital Separation
- Military Duty

**The following are some possible solutions that may be offered to assist you:**

- **Repayment Plan:** Your lender may offer you the option to create a repayment plan that spreads your past due amount over several months. What does this mean? This means that each month, you will pay your current monthly payment plus part of your past due balance, until such time as the account is brought current. With a repayment plan you may be able to postpone the foreclosure.
- **Loan Modification:** Your lender may reduce your interest rate to lower your monthly mortgage payment; extend your loan term so that your monthly payments are smaller and spread out over a longer period of time; or add your past due balance to the outstanding balance.
- **Forbearance:** Your lender may give you the opportunity to make reduced payments while they work to develop a long term solution for you.
- **Short Sale:** Selling your home is another option. A short sale is when the mortgage lender agrees to accept less than what is owed on the mortgage. The proceeds from the sale of the property are turned over to the lender in full satisfaction of the debt. The mortgage is marked satisfied (paid off), the lender reports your account current, your credit is restored and you avoid foreclosure. Check with you lender regarding timing and to find out what is required.
- **Deed-in-Lieu:** If you do not have any other loans, liens or judgment against your house, you may be able to qualify for a Deed-in-Lieu of Foreclosure, which is the Borrower(s) voluntarily transfer of ownership of their house to their lender.

Whatever you do, don't wait for your lender to contact you. Contact your lender immediately and follow-up with a letter to them documenting your hardship. While you may not be able to pay the entire monthly mortgage payment, begin putting aside what you are able to pay each month into a bank account. If there are options available, your lender will require that you update your financial information for consideration of a workout option through their Loss Mitigation Department (a division within a bank that mitigates the loss of the bank, or an attorney-backed process of negotiation between a homeowner and the homeowner's lender. Loss mitigation works to negotiate

mortgage terms for the homeowner that will prevent foreclosure.) If they are able to offer a solution they more than likely will require that you send them a specific amount of money to cover legal fees, escrow shortage, and a payment to be applied towards the past due amount.

Contact your lender immediately to find out your options.