

FORECLOSURE PREVENTION TIPS

If you are having trouble making your mortgage payment due to a change in your financial situation, there are some steps you should take that will help you toward a solution to save your home and avoid foreclosure. You do not have to be behind on your payments in order to get help from one of our counselors.

1) Contact your lender as soon as you have a problem - Many people avoid calling their lenders when they have money troubles. Most of us are embarrassed to discuss our money problems with others, or believe that if lenders know we are in trouble, they will rush to collection or foreclosure. This is the wrong approach. It is best to call your lender/servicer and ask them to modify your loan so that the payments are affordable.

Some lenders have workout options to help you keep your home. However, these options work best when your loan is only one or two payments behind. Contact your mortgage lender as soon as you realize that you are unable to make your payments. The more behind you are in your mortgage the harder it will be to stay in your house.

2) Talk to a housing counseling agency - It is best to speak with HUD-approved housing counseling agency such as NeighborWorks Southern Mass. A counselor at NeighborWorks Southern Mass will help you assess your financial situation, determine what options are available to you, and help you negotiate with your lender. Our counselors are familiar with the various workout arrangements that lenders will consider and will know what course of action makes the most sense for you and your family, based on your circumstances. In addition, the counselor can call the lender with you or on your behalf to discuss a workout plan. By meeting with a counselor before your mortgage payments are too far behind, you can protect yourself from future credit problems.

Your counselor will help you establish a monthly budget plan to ensure that you can meet all of your monthly expenses, including your mortgage payment. Your personal financial plan will clearly show how much money you have available to make the mortgage payment. This analysis will help you and your lender determine whether a reduced or delayed payment schedule could help you. Also, a counselor will have information on services, resources, and programs available in your local area that may provide you with additional financial, legal, medical, or other assistance that you may need.

To get the process started please visit www.nhsmass.org, choose the Foreclosure Prevention tab and you will find a link for the intake packets for our Brockton or New Bedford offices. Choose the packet for the office location that is most convenient to you. We offer counseling to anyone in the Southern Mass area.

3) How to find your lender - Check the following sources for lender contact information: a) your monthly mortgage billing statement; b) your payment coupon book; and c) the web links or customer service numbers found under 'help for

homeowners' lenders on HUD's website (<http://www.hud.gov/offices/hsg/sfh/econ/smhlend.cfm>).

- 4) **Information to have ready when you call your lender** - Typically, lenders need the following in order to help you: a) your loan account number; b) a brief explanation of your circumstances; c) recent income documents (e.g., pay stubs or benefit statements from social security, disability, unemployment, retirement or public assistance); and d) a list of household expenses.
- 5) **What happens next** - Expect to have more than 1 phone conversation with your lender. Typically, your lender will mail you a "loan workout" package. This package contains information, forms, and instructions. Your counselor will guide you as you fill out the forms. If you want to be considered for assistance, you must complete the forms and return them to your lender quickly. The completed package will be reviewed before the lender talks about a solution with you.
- 6) **Do not ignore mail from your lender** - If you do not initiate contact with your lender, your lender will try to contact you by mail and phone soon after you stop making payments. It is very important that you respond to the mail and phone calls offering help. If your lender does not hear from you it is likely they will start legal action leading to foreclosure. This will substantially increase the cost of bringing your loan current.
- 7) **Prioritize your debts** - Prioritize your bills and pay those most necessary for your family: food, utilities, and shelter. For the unemployed, getting by will require a new, tightened budget. Failing to pay any of your debts can seriously affect your credit rating. However, if you stop making your mortgage payments you could lose your home. Whenever possible, any income available after paying for food and utilities should be used to pay your monthly mortgage payments. If your employment income has stopped or been reduced, first consider eliminating or reducing your other expenses (such as dining out, entertainment, cable, or even telephone services). If that does not provide enough income, consider using other financial resources like savings accounts or a second car. Take any responsible action that will save cash.
- 8) **Beware of Scam Artists** - Predatory lenders often target people in financial distress. They try to panic you into high cost mortgages, making financial problems worse and increase your risk of losing your home. They may try to get you to sign your house over to them in return for paying your mortgage. Do not give money to anyone saying they can modify your mortgage or help you pay your bills. Do not sign the deed to your house over to anyone without. If an offer sounds too good to be true it is. If you receive a notice or letter in the mail that you don't understand, call us at NeighborWorks Southern Mass and we can help you understand if it is something that you should respond to.

