

Q:

What if I Can't Save My Home?

If you decide that keeping your home is not realistic, or is not the right choice for you, below are some other possible options to consider.

Sell your home

If you have owned your home long enough to build equity, then selling may be a good choice. If you ask, your servicer may give you some time to try to sell your home before foreclosing.

Pre-foreclosure sale or "short sale"

This is where you sell your home for fair market value. the servicer agrees to accept that amount as full payment of your debt. If you choose this option and your servicer agrees, be sure to get a **written agreement** saying that the servicer agrees to cancel your debt. This means that the servicer cannot try to collect any amount left owing after the sale.

Deed-in-lieu of foreclosure

This means that you turn your house over to the mortgage company. In return, they agree to cancel your debt. Typically you must try to sell your home for its fair market value for at least 90 days before a mortgage company will consider this option. This may not be an option if there are other liens on the property. In other words, you don't have a second mortgage or other creditor claims on the property.

Bankruptcy

Get legal advice, if you can, before filing for bankruptcy. A lawyer can help you decide if bankruptcy is right for you. The results of a bankruptcy can be long-lasting and far-reaching. It stays on your credit report for up to 10 years. This can make it hard to buy another home, get life insurance or get credit. On the other hand, it can offer you a fresh start.

You've done all your homework, But the servicer won't work with you. What do you do now?

- **Do not ignore foreclosure notices.** The more time that passes, the more difficult it will be to modify your mortgage, or to find another solution. If you delay, fees will pile up, and once you are in foreclosure it becomes much harder to modify your loan.
- **Do not assume that the servicer will hold off filing a foreclosure action against you**—even if you are in discussion with the servicer about modifying or otherwise working out the loan.
- **Continue to make your monthly payments, if possible.** If your servicer refuses to accept your payments, set aside the money that you would normally pay each month. You may need it later to modify your mortgage if circumstances change with your servicer.

Remember Help is Available

The National Association of Consumer Advocates (NACA) has attorneys across the country who are dedicated and willing to provide legal assistance concerning foreclosure issues, to find an attorney near you visit

www.naca.net/find-attorney

HUD-Approved Housing Counseling Agencies

www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm

Home Affordable Modification Program

www.hmpadmin.com



National Association of Consumer Advocates

The National Association of Consumer Advocates (NACA) is a nationwide membership organization of consumer protection attorneys who represent and have represented thousands of consumers victimized by fraudulent, abusive, and predatory business practices.

Tips for Finding Help to Avoid

FORECLOSURE



Working to Save Your Home



National Association of Consumer Advocates

Are You at Risk of Losing Your Home?

First of all, you are not alone. There are hundreds of thousands of people across the country who are struggling to make their mortgage payments. Help is available. It is important to take the first step toward preventing the foreclosure of your home.

#1. I May Have Fallen Behind on My Mortgage, What Should I Do?

Contact your servicer right away to see if they can offer any solutions.

Your servicer is the company that collects your monthly mortgage payment - their phone number is on your mortgage statement.

Ask your servicer if they participate in the Making Home Affordable Program (MHA).

The MHA Program includes opportunities to help keep you in your home by modifying or refinancing your family's mortgage.

If you have a FHA-insured loan

Your servicer has to follow FHA servicing guidelines and regulations for FHA-insured loans. If your servicer is not cooperative, you can contact the FHA at www.fha.gov or call the FHA's National Servicing Center toll free at (877) 622-8525.

Do you have a VA-insured loan?

A VA Loan is a home loan mortgage that is made available to Veterans by the Veterans Administration (VA). For more information, visit the VA website at www.benefits.va.gov/homeloans/contact.asp.

If you are threatened with immediate foreclosure, we recommend speaking to a HUD-Approved Housing Counselor or attorney to protect your rights.

To contact a local HUD-Approved Housing Counselor you can call HUD toll free at (800) 569-4287. Additionally, NACA has attorneys across the country who are dedicated and willing to provide legal assistance. To find an attorney near you go to www.naca.net/find-attorney.

#2. What Are My Options to Stay in My Home?

There are several options available if you fall behind on your mortgage or are having difficulty making your mortgage payment. Before signing any agreement with your servicer, we recommend talking to a Housing Counselor or an attorney that specializes in foreclosure proceedings.

#3. What About a Loan Modification?

In a loan modification, you and your servicer agree to permanently change one or more of the mortgage's terms. Modifications may involve:

- **reducing the interest rate,**
- **extending the term of your loan,**
- **adding missed payments to the loan balance.**
- **or principal reduction (when servicers write down a portion of the mortgage debt)**

The goal is to help you keep your home and to give you a long term adjustment to your current home loan that you can afford.

#4. How Do I Know I Qualify for the Home Affordable Modification Program?

The Home Affordable Modification Program (HAMP) is a MHA Program that is designed to provide incentives for servicers to lower homeowners' monthly mortgage payments with loan modifications.

You may be eligible for this program if you meet these requirements:

1. You are behind on your mortgage or face imminent risk of default.
2. The property is your primary residence.
3. You owe an amount that is less than or equal to \$729,750 on your first mortgage.
4. You have received your mortgage on or before January 1, 2009.
5. You have a mortgage payment that is more than 31% of gross (pre-tax) monthly income.

#5. What if I Believe I've Been Improperly Denied for a HAMP Loan Modification?

Servicers often make mistakes in determining whether you qualify for a HAMP loan modification. Some servicers improperly refuse to evaluate homeowners for loan modification or delay loan modifications until a loan modification is no longer feasible. If a servicer denies the loan modification, we recommend you obtain and review the denial notice:

- Servicers must provide a HAMP Non-Approval Notice with a reason for the denial.
- The notice must have a toll-free number to reach a servicer representative who can provide more information.
- WWW.CheckMyNPV.com is a free web tool provided by Treasury that can be used by homeowners who have been denied a HAMP modification because of their Net Present Value* result.

* The Net Present Value test is a calculation designed to demonstrate to the servicer which option is the most cost effective for them – modify the loan or foreclose on the home.