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5 Tips To Avoid Foreclosure

If you are a homeowner facing financial trouble or if the next change in your adjustable rate mortgage (ARM) will put payments out of reach, you may be at risk of missing a mortgage payment. Missing mortgage payments can put you at risk of losing your home. However, there are steps you can take to fend off foreclosure.

1. Don't ignore the problem. The first step is to recognize you have a problem and that you need to deal with it. Rising rates and higher payments are threatening more and more homeowners' ability to pay their mortgages. You are not alone – but you do need to act *right away*, before the situation worsens.

Experts suggest you start by contacting your lender immediately. The farther behind you fall, the harder it will be to set things right. The financial institution holding your loan doesn't want your house – in many cases, you can work through difficult situations in cooperation with your lender.

2. Open letters from your lender. A crucial part of this process is opening up all mail from your lender and answering and responding to all phone calls, e-mails and other contacts. If you find yourself involved in legal proceedings, you won't be able to plead ignorance if the loan holder can demonstrate diligent efforts to notify you.

3. Know your rights. Once you realize you're in trouble and you've opened up the lines of communication with your mortgage company, you've made a great start – but there's more to be done:

- Review your loan documents for the specific language regarding what the lender can and cannot do in case of nonpayment.
- Research the foreclosure laws and timeframes in your state by contacting your state government housing office (the process is different in each state).
- Visit www.fha.gov/foreclosure/index.cfm for more information and tips on avoiding foreclosure.

As the Federal Housing Administration (FHA) advises, be on the lookout for scams. Beware of any company or individual promising to help you – for a fee – to keep your home or pay off your debts. Unfortunately, predatory individuals and organizations are taking advantage of this uncertain market to cheat homeowners out of money, or even their homes.

4. Talk to a housing counselor. Call the Union Plus Save My Home Hotline at **1-866-490-5361** to arrange a confidential, free consultation including a budget analysis and advice to get you back on the road to financial recovery. The HUD-certified credit counselor can advise you on restructuring your payments, and may be able to find ways to free up enough money in your budget to keep your home.

If you simply cannot make your payments, your counselor may have advice for working with the lender. Your lender may be able to restructure your loan to a fixed rate, for example, or allow you to make smaller payments for a limited period of time (those payments will be added to the loan balance, though.) If necessary, your counselor will make referrals to other resources or alternatives such as a deed-in-lieu of foreclosure (where you essentially turn the home back over to the lender). You'll leave the session with a plan outlining actions you need to take to successfully stay in your home.

5. Prioritize your spending.

Now that you know where you stand financially, it's time to look at your budget and prioritize your spending. After healthcare, keeping your house should be your first priority. Review your budget to see where you can cut spending to find the extra cash you need for your mortgage payment – for instance, canceling cable or cell phone service, eliminating entertainment expenses or selling a second car or jewelry.

Lots of people are facing hard choices because of the uncertain housing market, but union members and their families have an advantage that others don't have. You have the ear of knowledgeable, resourceful financial experts at the Union Plus Save My Home Hotline. You have to take the first step, however. Don't wait!

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