

## WHAT OPTIONS DO I HAVE IF I CAN'T KEEP MY HOME?

If your income or expenses have changed so much that you are not able to continue paying the mortgage, your best option is to move to more affordable housing.

Most lenders offer workout plans that allow homeowners to transfer ownership to their lender or to a third party for less than full pay-off. These options protect you and your family from the consequences of foreclosure.

**Pre-foreclosure “short” sale.** With your lender’s permission, you can offer your house for sale and sell it at fair market value even if the amount you receive from the sale is less than the amount you owe. If you meet certain conditions, you may be eligible to receive relocation expenses.

**Deed-in-lieu of foreclosure.** As a last resort, you may be able to return your property to your lender voluntarily. If you leave the property clean and undamaged, you may be eligible to receive relocation expenses.

Be aware that there could be income tax consequences to any plan that reduces the amount of debt you owe, so check with a tax adviser before accepting these workout options.

### **Foreclosure Prevention Counseling**

Homeowners having difficulty talking with their lender or understanding their mortgage assistance options are encouraged to contact a reputable nonprofit housing counselors. These services are free. Be aware that anyone who charges fees for services most likely is fraudulent and may just take your money and provide no service. To find a HUD-approved housing counselor, call 1-800-569-4287 or visit its website: <http://portal.hud.gov/>.

## WHAT ELSE SHOULD I KNOW?

Beware of foreclosure prevention scams! You may be approached by organizations with official sounding names offering a quick fix to your mortgage problems. They often charge hefty fees or require that you “temporarily” sign over your deed to them. Remember — solutions that sound too good to be true usually are.

These precautions will help you avoid being taken by a scam artist:

1. Never sign any papers you don’t fully understand.
2. Check with a lawyer, your lender or trusted adviser, or a HUD-approved housing counselor before entering into any deal involving a loan assumption, contract of sale, or a transfer of the deed to your home.
3. If you can’t afford your current mortgage, don’t be talked into refinancing into a new loan with a higher payment.

To find a HUD counselor in your area call:  
1-800-569-4287 or TDD 1-800-877-8339.

### **Beware of Scams!**

**If It Sounds Too Good To Be  
True ... It Usually Is.  
Report mortgage fraud.  
Call 1-800-347-3735.**

### **Housing Opportunities Made Equal**

Phone: 513-721-HOME (4663)  
Fax: 513-721-1642  
[www.homecincy.org](http://www.homecincy.org)



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## **SAVE YOUR HOME**

### *Tips to Avoid Foreclosure*



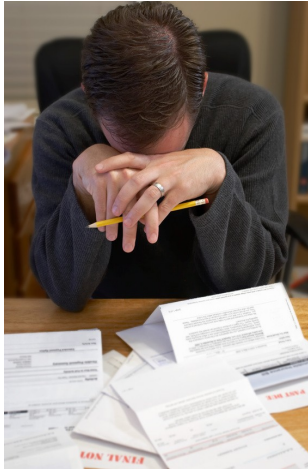
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## How To Avoid Foreclosure

### HELP! I CAN'T MAKE MY MORTGAGE PAYMENT.

Every day thousands of people like you have trouble making their next mortgage payment. Though things may seem hopeless, help is available. You just need to take the first step! If you ignore the problem, you may lose your home to foreclosure, possibly affecting your ability to qualify for credit or to rent another home.



### WHAT SHOULD I DO?

1. Call your lender right away. Ask for the Loss Mitigation Department. The lender's contact number should be on your mortgage statement. When you call, be prepared to explain:

- △ Why you are unable to make your payment.
- △ Whether the problem is temporary or permanent.
- △ Details about your income, expenses, and other assets like cash in the bank.

2. If you are uncomfortable talking to your lender, a HUD-approved housing counseling agency can help you understand your options. These services are **free** of charge.

3. Open all of the mail you receive from your lender. It contains valuable information about

important legal notices. Failing to read the mail will not be an excuse in foreclosure court!

4. Look for ways to increase the amount you have available to make your mortgage payments. Can you cancel cable TV, pack lunches, or get a part-time job? While these actions may not replace all of your lost income, they send a strong message to your lender that you are serious about keeping your home.

### NOTHING IS WORSE THAN DOING NOTHING!

### WHAT OPTIONS ARE AVAILABLE TO HELP ME KEEP MY HOME?

If you want to keep your home and your income problem is temporary, talk to your lender about alternatives based upon your specific situation. Factors include (among many) who owns your loan, who services your loan, the amount of arrearage, the value of the property and your equity. These are examples of some of the types of assistance available.

**Special Forbearance.** Your lender may provide for a temporary reduction or suspension of your payments to allow you time to overcome the problem that reduced your income. Then you may be offered a payment plan so you can pay back the missed payments a little at a time until you are caught up.

**Mortgage Modification.** A modification is a permanent change to your loan through which the over-



due payments may be added to your loan balance, the interest rate may be changed, or the number of years you have to pay off the loan may be extended.

**Partial Claim.** This is a one-time loan from the FHA insurance fund to bring your mortgage current. The loan is interest free and does not need to be repaid until you pay off your first mortgage or sell your house. This option is available only to borrowers with FHA-insured loans. However, if you have a conventional loan, ask your lender if they offer an "advance claim."

**Home Affordable Modification Program (HAMP).** This option combines an enhanced partial claim with a loan modification. Under HAMP, the partial claim loan will not only include any amounts necessary to bring your mortgage current, but also may include an amount to reduce your existing loan balance by up to 30 percent. The reduced loan balance then will be modified to lower your monthly mortgage payment to an affordable level. As described above, the partial claim loan is interest free, but must be repaid when you pay off your first mortgage or sell your house.

To qualify for any of these options, you will need to provide your lender with current information about your income and expenses. As noted, multiple factors determine which assistance is best for you. Also, your lender may suggest that you agree to a payment plan for three or more months to demonstrate your commitment before you are approved for a modification or partial claim.



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