

# Foreclosure And How To Avoid It



CCCS OF GREATER NEW ORLEANS

# Unforeseen Problems That Cause Individuals to Fall Behind:

- Lost income due to job loss or layoff
- Reduced income
- Large medical bills
- Divorce
- Excessive debt obligations
- Unexpected housing or auto repairs
- Lacking a realistic family budget



# What is Foreclosure?

- Foreclosure is a legal remedy used by a mortgage company to take over ownership of a property when the homeowner does not pay their required loan payment.



# Avoiding Foreclosure

- Ignoring the problem only makes things worse. Contact the lender as soon as there is the first sign of trouble, and continue constant contact.
- If you wait too long chances of working out an agreement with the lender decrease.



Lenders do not want your home. They may have options to help rectify the situation:

- ***Forbearance***-Delay payments for a short period. Another option will be used in bringing the mortgage current.
- ***Reinstatement***-Promising a lump sum bringing the mortgage current.
- ***Repayment Plan***-Adding a portion of the past due amount each current monthly payment until mortgage is current.

- 4. *Loan Modification***-Adjust the terms of the loan by reducing mortgage payments adding the past due amount into the existing loan financing it over a long term.
- 5. *Selling the home***- Foreclosure on hold giving some time to sell the house.
- 6. *Property Give Back***-Give back your property to the lender forgiving the debt. Will have a negative impact on the credit report but not as much as a foreclosure.

- These are some of the possible options available to you if you are seriously committed to retaining your home.

**Contact your lender for options that best suit your situation!**



# Avoiding Mortgage Foreclosure Scams

- Beware of scam artists that post signs claiming:
  - *"We buy houses", "We pay cash for your house", or "Fast refinance now!"*
  - *These so-called foreclosure "saviors" may be nothing more than sleazy predators!*



- Scam artists may also advertise on the internet, in local newspapers, dole out flyers, or contact homeowners whose homes appear in foreclosure notices.
- ***Beware. If it sounds too good to be true it probably is!***  
***Don't fall for individuals or companies that collect a fee prior to providing a service, wants you to make your payment directly to them.***

# Alternatives Prior to Foreclosure

- Review your spending plan. Consider your needs first such as shelter, food, clothing, and utilities.
- Cut spending wherever possible. Make this a family project in order to make monthly mortgage payments on time.



- Sell assets such as a second car, jewelry, or other valuables.
- Have a garage sale.
- Sell whole life insurance policies and use the cash to continue making on-time mortgage payments.
- Increase the family income. Ask for overtime hours or work part-time jobs.



# Resources for Foreclosure Avoidance Assistance

- You will most likely want to seek counseling by contacting HUD for an approved housing counseling agency at 800-569-4287 or [www.HUD.gov](http://www.HUD.gov).
- Another option is to contact your local community credit counseling agency, many of which are HUD approved agencies.

- *For credit and housing counseling information, contact Consumer Credit Counseling of Greater New Orleans, Inc. at:*

*1-800-880-2221 or log on to our website at: [www.cccsno.org](http://www.cccsno.org).*

# *Keep Your Home Safely In Your Hands*

