



# Save Your Home

## Tips to Avoid Foreclosure

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### I Can't Make My Mortgage Payment - What Should I Do?

Every day, people like you have trouble making their next mortgage payment. Help is available; however, you need to take the first step. Contact your mortgage servicer or a HUD-approved housing counselor right away. Your mortgage servicer is the company that handles your loan and to which you send your monthly loan payments.

You can find contact information for your servicer on your mortgage statement. When you contact them, be prepared to discuss:

- Why you are unable to make your payment.
  - Whether your situation is temporary or permanent.
  - Options your servicer will be presenting.
- If you are uncomfortable talking to your mortgage servicer, a HUD-approved housing counseling agency can help you understand your options and also assist you in potential ways reduce your other monthly expenses. Foreclosure prevention counseling is available free of charge. Information on how to find a HUD-approved housing counseling agency in your area is available under the "Resources" section below.
  - Open and read all the correspondence you receive from your mortgage servicer. It may contain valuable information about repayment options. Later correspondences may include important legal notices. Failing to read the correspondence will not prevent a foreclosure action.

### What Options Will Help Me Keep My Home?

If you have an FHA-insured loan, your mortgage servicer is required to provide options to assist borrowers who are unable to make their mortgage payment due to a financial hardship. Your servicer needs information from you to fully evaluate these options. If you want to keep your home, talk to your servicer about the available loss mitigation options for home retention.

**Forbearance Plan:** Your servicer may provide for a temporary pause or reduce your monthly mortgage payments to allow you time to overcome the financial hardship. Then you may be offered a payment plan so you can pay back the missed payments over time until you are caught up.

**Loss Mitigation Home Retention Options:** The home retention options provide you with options to bring your mortgage current and may reduce your monthly mortgage payment to avoid foreclosure through the use of one of the following:

- **Loan Modification:** A Loan Modification is a permanent change in one or more terms of your mortgage. The modification resolves the delinquent mortgage payments by adding that amount to the principal loan balance of the first mortgage and extending the term of the mortgage to 30 or 40 years at a fixed interest rate.
- **Partial Claim:** A Partial Claim allows delinquent mortgage payments to be placed in a zero-interest subordinate lien against the property. The Partial Claim amount does not require repayment until the last mortgage payment is made, the property is sold, the mortgage is assumed, the title to the property is transferred, or certain types of refinances, whichever occurs first.
- **Combination Loan Modification and Partial Claim:** This option combines a Loan Modification and a Partial Claim to resolve the delinquent mortgage payments and may include a principal reduction.
- **Payment Supplement:** A Payment Supplement utilizes a Partial Claim to resolve your delinquent mortgage payments and temporarily reduce your monthly mortgage payment for a period of three years.

To qualify for any of these options, you will need to provide your servicer with current information and you may be required to agree to a payment plan for three months to demonstrate your commitment before you are approved.

## What Are My Options 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 even with the assistance of a loss mitigation home retention option offered by your servicer, you should consider the options below.

- **Traditional Sale:** If the current market value of your home is greater than the balance due on your loan a traditional sale allows you to retain your home equity. Consider consulting a licensed real estate professional to assist you in estimating the value of your home and the sales process.
- **Pre-Foreclosure Sale (PFS):** If your current market value is not enough to pay the loan in full, your servicer may be able to accept less than the full amount owed by approving eligible borrowers for a Pre-Foreclosure Sale, also known as a short sale. You may be eligible to receive relocation expenses if you meet certain conditions.
- **Deed-in-lieu (DIL) of Foreclosure:** If you are unable to complete a PFS transaction at the expiration of the PFS marketing period, you may be eligible to voluntarily offer to deed ("give back") the property to HUD in exchange for a release from all obligations under the Mortgage. You may be eligible to receive relocation expenses if you meet certain conditions.

### Should I Be Aware of Anything Else?

**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 fees, instruct you to not make your mortgage payments or to make your payments to someone other than your servicer, 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 your servicer, a HUD-approved housing counselor, or a lawyer, before entering 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.

## Resources

- **Find a HUD-approved Housing Counselor:**  
Online: [https://www.hud.gov/program\\_offices/housing/sfh/hcc/housing\\_counseling/](https://www.hud.gov/program_offices/housing/sfh/hcc/housing_counseling/)  
Phone: (800) 569-4287  
TTY/TTD (202) 708-1455
- **FHA Resource Center**  
Online FAQ Site: [www.hud.gov/answers](http://www.hud.gov/answers)  
Email: [answers@hud.gov](mailto:answers@hud.gov)  
Phone: (800) CALL FHA (225-5342)  
The FHA Resource Center is prepared to accept calls from persons who are deaf or hard of hearing, as well as individuals with speech and communication disabilities. Information on how to make an accessible phone call is available at <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>.
- **Consumer Financial Protection Bureau (CFPB)**  
Online: <https://www.consumerfinance.gov/about-us/contact-us/>  
Phone: (855) 411-2372  
TTY/TTD: (855) 729-2372
- **State Consumer Protection Offices**  
Find your state's consumer protection office: <https://www.usa.gov/state-consumer>
- **Report Fraud, Waste, and Abuse**  
Online: <https://www.hudoig.gov/hotline>  
HUD OIG Hotline Phone: (800) 347-3735  
TTY/ASCII: (800) 877-8339  
ASCII (American Standard Code For Information Interchange) – Allows TTY Users to type their conversation