

Your Home Mortgage: What to do if you fall behind

Be prepared to work with your lender. “Your attitude, outlook and plan will influence how far the lender will go to help you!” --Home Stretch Manual

What you can do:

1. Contact the mortgage companies Loss Mitigation Department and ask for a **“Workout Package.”**

Provide all the required information to the lender as soon as possible. Your request for special payment arrangement or changes to the mortgage will not occur until they have all the necessary documentation. Prepare to disclose your full financial situation including:

- What caused you to fall behind in your payments?
- What are your plans?
- Update the lender if anything changes are the initial “Workout Package” is submitted.
- Keep accurate records of all conversations with the mortgage company. Track the representative’s name, phone number, extension and dates of all conversations.

2. Actively seek out your options.

- Contact a housing counselor:
 - Check the lender’s default letter for a list of agencies or visit www.hud.gov or www.hocmn.org
- Know your assets and availability—retirement funds, tax refunds, etc.
 - Seek out community services and programs. Note: Every community has a variety of programs available.
 - Foreclosure Prevention Assistance Programs
 - Local county Social Services’ Emergency or Diversionary Assistance Programs
- Get legal advice from an attorney who is familiar with foreclosure and prevention
- Contact a realtor for a market analysis if decide to sell the house

What the lender may do:

1. New repayment plan
2. Modify the loan—change interest or number of months to pay or rewrite the loan
3. Partial release—insurer may be able to provide you with a zero or low interest loan to bring you current
4. Special forbearance—temporary reduction or suspension of payment, or increase payment to reduce past due amount
5. Deed in Lieu—signing property over to the lender
6. Pre-foreclosure Sale (Short Sale)—lender may accept less than the full amount owed from sale

How Chapter 13 Bankruptcy Affects Foreclosure:

If you are determined to keep the property and are unable to work it out with the lender, and no other resources or options are available to reinstate the mortgage, contact an attorney about a Chapter 13 prior to the Sheriff's Sale to stop the foreclosure. Keep in mind, that you must be able to show that you can make full monthly payments plus an additional amount to reduce the past due portion.