



Lutheran Social Service
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For appointments call 888-577-2227
www.lssmn.org/debt

Your Home Mortgage: What to do if You Fall Behind

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

What you can do:

◆ Contact the mortgage company loss mitigation department.

Ask for a "workout package". Provide to lender all information requested as soon as possible. Your request for special payment arrangements or changes to the mortgage will not occur until they have all documentation. Prepare for a full financial and situation disclosure including:

- ◆ What caused you to fall behind in your payments?
- ◆ What are your plans?
- ◆ Update the lender if anything changes after the initial "workout package" is submitted
- ◆ Keep records of representative's name, phone number & extension and conversations

◆ Actively seek out your options

- ◆ Contact a housing counselor – may be a list on the lender's default letter or go to www.hud.gov or www.hocmn.org
- ◆ Know your assets and availability - retirement funds, tax refunds, etc
- ◆ Seek out community services and programs such as:
 - ◆ Foreclosure Prevention Assistance Program
 - ◆ County Social Services' Emergency or Diversionary Assistance Programs (Note: Every community has a variety of programs available; talk to a housing counselor in your area.)
- ◆ Get legal advice from an attorney familiar with foreclosure and prevention
- ◆ Contact several realtors for a market analysis if you decide to sell the house

What the lender may do:

◆ New repayment plan

◆ Modify the loan

Change interest or number of months to pay or rewrite the loan

◆ Partial release

Insurer may be able to provide you with a zero or low interest loan to get current

◆ Special forbearance

Temporary reduction or suspension of payment, or increase payment to reduce past due amount

◆ Deed in lieu

Signing property over to the lender

◆ Preforeclosure sale

Lender may accept less than the full amount owed from sale – "short sale"

How Chapter 13 Affects Foreclosure:

If you are determined to keep the property and are unable to work it out with the lender, and no other resources nor 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.

Under the protection of a Chapter 13, the payment is restructured, but the repayment agreement must be kept up or the mortgage lender can ask to be released from the bankruptcy and go forward to foreclose. Be sure it's a financial plan that will work for the time that you have higher payments.



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