



## 10 Tips to Avoid Foreclosure

If you are unable to make your mortgage payments:

### **1. Don't ignore the problem**

In simple terms, lenders don't want your house. They have different options to help you through difficult financial times.

### **2. Be sure to open and respond to all mail from your lender.**

The first mail notices that you will receive in the mail offer great info about foreclosure prevention options that can help you through difficult financial problems.

### **3. Figure out your mortgage rights**

Find and read through your loan documents so you know what your lender will do if you can't make your mortgage payments. Research foreclosure laws and timeframes in Connecticut by logging on to <http://www.jud.ct.gov/LawLib/Law/foreclosure.htm>

### **4. Prioritize your spending**

Besides healthcare; keeping your house should be your top priority. Analyze your finances and see where you can cut some spending in order to make your mortgage payments. Effective cost reductions are; looking for optional expenses-cable TV, memberships, entertainment-that you can eliminate. Delay the payments on credit cards and other "unsecured" debt until you have paid your mortgage.

### **5. Use your assets.**

Do you have assets? Selling a second car, expensive jewelry, or a life insurance policy can help reinstate your loan. Even if this doesn't significantly increase your available cash, your lender will notice that you are willing to make sacrifices to keep your home.

## **6. Help from HUD**

The U.S. Department of Housing and Urban Development is dedicated to increasing homeownership, supporting community development and increase the access to affordable housing free from discrimination.

## **7. Special forbearance**

A special forbearance is a written agreement between you and your mortgagee that consists of a plan that enables you to reinstate your loan.

## **8. Deed in lieu of foreclosure**

The deed in lieu of foreclosure offers several advantages to both the borrower and the lender. Your principal advantage immediately releases you from most or all of your personal indebtedness associated with the defaulted loan. In order to be considered, a deed in lieu of foreclosure, the indebtedness must be secured by the real estate being transferred.

## **9. Try to Sell It**

By selling your house you can totally avoid the foreclosure process. If you can sell it, you can clear up some credit as well as possibly make some money too.

## **10. Rule of Thumb**

It's simple... if it sounds too good to be true, well then it probably is. Know who to trust during such a sensitive time, plain and simple.