

# 10 GOVERNMENT TIPS YOU SHOULD KNOW ....TO AVOID FORECLOSURE

1. **Don't ignore the problem.** Homeowners who have been contacted by their lenders should not ignore it. The longer a homeowner waits, the longer it will take to reinstate the loan and the more likely it is that the company will take the house.
2. **Contact the lender as soon as you realize there is a problem.** Lenders would prefer not to take the house and provide options to help borrowers through difficult times.
3. **Open and respond to all mail from your lender.** Lenders often provide tips to avoid foreclosure and could also include a notice of pending legal action.
4. **Know your mortgage rights.** Borrowers should read their loan documents to find out what their lender will do if payments are missed. Contact your local HUD field office and learn about your state's foreclosure laws.
5. **Understand foreclosure prevention options.** The HUD provides options at its web site at:  
[portal.hud.gov/portal/page?\\_pageid=33,717348&\\_dad=portal&\\_schema=PORTAL](http://portal.hud.gov/portal/page?_pageid=33,717348&_dad=portal&_schema=PORTAL)
6. **Contact a HUD-approved housing counselor.** A list can be found at: [www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm](http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm), or by calling (800) 569-4287 or TTY (800) 877-8339.
7. **Prioritize spending.** Homeowners should review their finances to see where they can cut spending to free up money to make a mortgage payment. Look for optional expenses - cable TV, memberships, entertainment - that can be eliminated. Delay payments on credit cards and other unsecured debt when possible at your discretion.
8. **Use your assets.** Consider selling second cars, jewelry or whole-life insurance policies to reinstate the loan. If possible, secure a second job. Actions like these demonstrate to lenders that the borrower is willing to make sacrifices to keep the home.
9. **Avoid foreclosure prevention companies.** Don't pay fees for foreclosures prevention help; use that money to pay the mortgage instead. Many for-profit companies will contact defaulted borrowers promising to negotiate with their lenders. While these may be legitimate businesses, they will charge a hefty fee (often two or three month's mortgage payment) for information and services the lender or a HUD-approved housing counselor will provide free.
10. **Don't lose your house to foreclosure recovery scams.** If any firm claims they can stop foreclosure immediately if borrowers sign a document appointing them to act on their behalf, they may actually be signing over the title to the property and becoming a renter. Never sign a legal document without reading and understanding all the terms and getting professional advise from an attorney, a trusted real estate professional or a HUD-approved housing counselor.

For more information on foreclosures you can visit [www.hud.gov](http://www.hud.gov).