

IF YOU'RE IN DANGER OF FORECLOSURE:

1. **DON'T AVOID OR DELAY.** Please do not assume the government will bail you out, give you money, help you refinance for a lower payment, allow you to lapse on payments, or pressure your bank to avoid foreclosure. Too many people are making these assumptions based on their interpretation of the news or what their "know-it-all" uncle is telling them. While most lenders are willing to work with you at the present time, dodging your lender or delaying your response will make things worse and make lenders less willing to work with you. In some cases inaction will even accelerate the foreclosure process. The banks or lenders are not out to get your home. They are not in the real estate business and most foreclosures result in big losses for them. They do not like calling you about late payments or having to file delinquencies. Another consequence of inaction will be the worsening of your credit. Late payments on a mortgage hurt your credit more than late payments on any other type of credit account. Every payment you are late on a mortgage will worsen your credit. Most landlords these days do credit checks and in some cases evaluate your credit more harshly than lenders. The more late payments you make, chances are you will have a harder time finding a new home to rent or own. The bank or lender will in many cases proceed with adverse action faster when you have been non-responsive. The longer you wait, the greater chance you have of incurring legal fees, past due interest, back taxes (or your taxes sold to an investor), and other fees and penalties.

2. **TAKE ACTION EARLY.** If you even think you will not be able to make a mortgage payment, immediately contact your lender and tell them what is going on. Contacting your lender in advance will almost always slow down the lender's filing of delinquency and foreclosure proceedings. Contacting the lender early also puts you in a better position to receive mercy and makes the lender less likely to take adverse action. While all lenders will differ as to their protocol and quality of customer service, the best course of action is to go in person into a branch of your lender. If your lender does not have a local branch or the local branch directs you to call a national customer service #, this is still the best place to try to start. If you are transferred to several representatives or departments, keep going! That is normal, but can be frustrating. If you feel lost in the system, ask for a loss mitigation or loan collections department. Work through your plea in advance. Have documents with you if possible. Note that lenders are much more lenient if you have a proven hardship involving medical conditions and bills *that can be documented*. If you feel that the person you are talking to is rude, indifferent, or incompetent, ask for his/her supervisor. Try to get something in writing from them, and document the names of everyone you talked to and the time you talked with them.