



Steering Clear of Foreclosure on Home Mortgages

You have already gone through the long and exhausting process of getting into a new home. Now that you are a homeowner, you have found that the monthly payments are very difficult to make because of your income or other debts, or because of some financial tragedy that has recently occurred in your life. If these problems have caused you to miss some home mortgage payments already, you need to make a new financial plan, and quick. Missing mortgage payments is very serious; it may mean losing your home.

The first thing that you should do after you start missing mortgage payments is to contact your lender in writing or by telephone to explain your financial difficulties. It will be easier for them to work with you on solving the problem if you are open and willing to admit there is a problem.

You should also get in touch with a representative of a counseling agency approved by the Department of Housing and Urban Development (HUD) to get helpful advice on improving your defaulted mortgage situation. You may be referred to other government agencies that offer related services and programs to help save you from foreclosure. Fortunately, these services are typically offered free to participants.

A counselor from one of these agencies will help you decide what the best solution is for you and what type of alternatives you qualify for. One possible plan of attack is to go the route of Special Forbearance. That means that you work out a new repayment schedule with your lender that you can afford given the current state of your finances. This could include an interim period of smaller payments or even payment deferment for a few months. Lender will usually only allow for these merciful types of solutions if you have experienced some sort of unexpected financial tragedy, like job loss, divorce, or medical emergencies, etc. You should keep in mind that this resolution is only temporary and your lender will expect you to be able to make the higher payments in the future.

Another possible option is HUD loan called a Partial Claim. This loan comes interest-free and is designed just to pay for all of your missed payments to this point so you do not lose your home. To qualify, you must have between 4 and 12 months of delinquent mortgage payments, you must not yet have started the formal foreclosure process, and you must be able to start paying the full monthly mortgage sum on your own. When you obtain this HUD loan, you will have a lien placed on your home, preventing you from selling your home before you first repay the loan.

There may be other solutions for your situation based on the decision of your housing counselor. These might include refinancing into a new loan with better terms, or if you are really in dire straits, you might have to sell your home to avoid the foreclosure “kiss of death” on your mortgage record. If you have missed a payment or two on your home mortgage, get help immediately to avoid foreclosure and losing your home.