

Foreclosure Assistance and Tips

Unfortunately, foreclosure postings are higher than ever. The lagging economy and effects of sub-prime mortgage lending have created a difficult environment for homeowners. There are different ways for the mortgage company to approach a foreclosure and there are ways for you to help prevent this. The best way is to prevent the filing of a Notice of Default. Lenders do not want to foreclose but will file a Notice of Default to protect their interests. If you know you are unlikely to meet your mortgage obligation, the first thing you should do is call your lender. Don't put it off, be embarrassed or ignore letters from your lender because those responses will make the situation worse, not better. Depending on your particular situation and hardship circumstances, here are some options your lender might propose to you:

- **Time to make up your payments.** Lenders might agree to wait before taking legal action against you and let you work out a repayment plan that is affordable for you. This is called forbearance.
- **Forgiving a payment.** If you and the lender can review your situation and show that you will be current after missing a payment or two, the lender might give you a break.
- **Spread out the missed payments over a longer term.** For example, if your payment is, say, \$1,200 a month, the lender might let you add \$100 a month to each payment for a year until you are caught up.
- **Changing the terms of your loan.** If your mortgage is an adjustable loan, the lender might freeze the interest rate before it increases or change the interest rate. A lender might also extend the amortization period.
- **Add the back payments to your loan balance.** If you have sufficient equity and meet the lender's lending guidelines, the lender might increase your loan balance to include the back payments. This is called a refinance.
- **Make a separate loan to you.** Certain government loans contain provisions that let borrowers who meet specific criteria apply for another loan, which will pay back the missed payments. This is called a partial claim.

Stopping Foreclosure:

The foreclosure sale is often referred to as a "Sheriff's Sale." People are often concerned that an actual sheriff will come and evict them from their home on that date and/or hold the auction on the property. Neither is true. This term simply refers to the public auction that is held on the date indicated on the foreclosure notice. If you intend to keep your home, it is important that you take steps prior to the foreclosure or Sheriff's Sale. After the sale occurs, your options are fairly limited. We all know that in today's economy, it is tough to see a home. If you need to, consider these options:

- **Short Sale.** If your home is worth less than the amount you owe, you might be a candidate for a short sale. A short sale affects credit but it's not as bad as a foreclosure. You or your agent will need to negotiate with your lender to find out if the lender will cooperate on a short sale. This is called a pre-foreclosure redeemed.
- **Deed-in-Lieu of Foreclosure.** You give the lender a notarized deed, and the lender forgives the mortgage, effectively canceling the foreclosure action. The lender might allow you to remain in the home until finding a place to live.

Foreclosure / Housing / Assistance / Education:

- GreenPath Debt Solutions 800.550.1961 www.greenpath.com
- United Way of Southeastern Michigan www.uwsem.org/mortgage
- US Department of Housing & Urban Development (HUD) www.hud.gov

MI State University Extension www.msue.msu.edu

- Macomb County 586.469.5180
- Oakland County 248.858.0880
- St. Clair County 810.989.6935
- Wayne County 313.833.3298

Legal Aid & Defender Association, Inc www.ladadetroit.org

- Macomb County 586.465.1344
- Oakland County 248.253.1548
- St. Clair County 810.987.4822
- Detroit & Wayne County 877.964.4700