



PREVENTING FORECLOSURE

Foreclosure Prevention Checklist

Evaluate Your Situation, Prepare for a Lender Workout:

Start a file for records relating to your home that include:

- Purchase and sale agreement
- Mortgage and home loan application
- Loan closing documents
- Real estate tax bills
- Property insurance information
- Prepare a Household Budget to evaluate income and expenses
- Letters you receive from and copies of letters you mail to the bank
- Initial home loan information request
- Mortgage payment and fee itemization (If you feel you have been improperly charged by your lender/servicer.)

Paying Your Bills:

Use checks or money orders to pay bills. Do not send cash, do not use credit cards.

- Keep a record of all payments, specially your mortgage payments (date paid and check number)
- Correct errors quickly

Pay high priority bills first, for example in this order:

- Food
- Medical
- Mortgage
- Utilities
- Credit Cards (Credit cards and other unsecured debts are lowest priority.)

Take Action:

- Create or update your Household Budget, make sure it is realistic and one that you can live with until your circumstances improve
- Increase your income (take on part-time work if possible)
- If you are eligible, collect federal and state benefits
- If you are eligible, claim the earned income tax credit
- Stop all voluntary deductions being taken out of your paycheck
- Consider selling unnecessary property or liquidating assets to raise money
- Identify how to reduce your expenses
- Evaluate your phone service for any potential savings
- Cancel cable or satellite television service temporarily
- Conserve on energy and reduce your utility bills
- Research local home weatherization programs, many utility companies offer free programs
- Shop around for savings on homeowner's and auto insurance policies



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Contact Your Lender/Servicer:

- Speak with your bank's loss mitigation department (start and keep a phone log)
- Explain your situation:
 - The cause of your current situation (job loss, illness, divorce, decreased income)
 - How long your current situation is expected to last
 - How much can you afford to pay toward your mortgage monthly
- Ask for a mortgage workout package, or loan modification package
- After your phone call, follow up with a letter (keep copies of all correspondence with the lender)
- Send all letters by certified mail and keep the receipts in your files
- Send to the bank as much of the mortgage payment as possible
- If the bank returns your payment, save the money and do not spend it on other bills
- Be persistent and aggressively follow up with phone calls until you have a resolution

** If you find that you have run into a road block or that your progress is not as fast as you expected, consider contacting a loan modification and foreclosure prevention specialist. The information on this checklist and at PrevetingForeclosure.org is brought to you by the counselors at HomeSave, a National Foreclosure Prevention Specialist - (877) 398-1375.*

Typical requirements for a loan workout/modification:

- Signed and dated letter that briefly explains the reasons for your hardship
- Documentation supporting your hardship (doctor's letters, etc.)
- Income documentation:
 - Most recent pay stubs covering one month of income or other proof of income
 - Two most recent (3 years if self-employed) signed federal tax returns and W2s
- Household Budget
- A Personal Financial Statement listing your assets and liabilities (debts)