

FORECLOSURE PREVENTION

There are three primary reasons homeowners struggle and fall behind with their mortgages:

1. A reduction in income caused by significant life events
2. Failing to understand the terms of their mortgages
3. Being lured by predatory lenders into unsustainable mortgages

Regardless of the scenario facing you, here are some helpful tips to evaluate your mortgage situation and avoid foreclosure:

Understand Your Loan

If you have a fixed rate mortgage, your payments will remain the same throughout the life of your loan. If you have any type of *adjustable rate mortgage* (known as an ARM) including interest only, balloon and two-step mortgages, your monthly payments will change, and you must understand how and when these changes will begin affecting your monthly household budget.

Know Your Rights

Immediately locate your loan documents to determine what your lender can do if you are unable to make payments. For free assistance in understanding your loan documents, contact the Homeownership Preservation Foundation, a non-profit organization dedicated to helping homeowners prevent foreclosure. Visit www.995hope.org or call their hotline at (888) 995-HOPE.

Contact Your Lender Right Away

Your lender may have a *loss mitigation specialist* who can provide alternatives to assist you. DO NOT avoid lender communication hoping the problem will go away. Review your payment book or monthly mortgage billing statement to determine how to contact your lender; many times the mortgage broker or financial institution originally involved in your home purchase no longer handles the servicing of your loan. Make sure to document all verbal communication during this process including the date, name of representative and a brief summary of the conversation; keep copies of all written communication.

Seek Assistance From A Housing Counselor

If assistance isn't available through your lender, the Homeownership Preservation Foundation or the U.S. Department of Housing and Urban Development (HUD) can assist you in finding a HUD-approved housing counselor. Housing counselors can speak to your lender on your behalf to help you work out a solution to your housing problems. Visit HUD's website at www.hud.gov or by calling (800) 569-4287.

Prioritize Your Spending

The Illinois Department of Financial and Professional Regulation can help you find a debt management company licensed by the State of Illinois to assist you. Debt managers can assist with budgeting, financial education and debt management programs if you are struggling with payments for unsecured debt like credit cards. Log on to www.idfpr.com or call (888) 298-8089 to locate a licensed debt manager near you.

Avoid Foreclosure Scams

If the foreclosure process has begun, your foreclosure status becomes public information. You may receive mail or phone calls with promises to help "get you into a new loan," "buy your property," or "save your credit." *Beware of such calls, which tend to come from scam artists.* Freddie Mac provides information about how to avoid predatory lending on their website www.freddiemac.com. If you suspect you may be a victim of predatory lending, visit www.stopmortgagefraud.com or call (800) 348-3931 to learn more about your rights and how to file a complaint.

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Visit www.treasurer.il.gov for more information.