



The Federal Reserve Board

# 5 Tips for Protecting Your Home from Foreclosure

## 1. Don't ignore your mortgage problem.

If you are unable to pay—or haven't paid—your mortgage, contact your lender or the company that collects your mortgage payment as soon as possible. Mortgage lenders want to work with you to resolve the problem, and you may have more options if you contact them early. Call the phone number on your monthly mortgage statement or payment coupon book. Explain your financial situation and offer to work with your lender to find the right payment solution for you. If your lender won't talk with you, contact a housing counseling agency. You can find a list of counseling resources at NeighborWorks ([www.nw.org/network/home.asp](http://www.nw.org/network/home.asp)) and on the U.S. Department of Housing and Urban Development's (HUD) website ([www.hud.gov/offices/hsg/sfh/hcc/hccprof14.cfm](http://www.hud.gov/offices/hsg/sfh/hcc/hccprof14.cfm)) or by calling (800) 569-4287.

## 2. Do your homework before you talk to your lender or housing counselor.

Find your original mortgage loan documents and review them. Review your income and budget. Gather information on your expenses, including food, utilities, car payment, insurance, cable, phone, and other bills. If you don't feel comfortable talking to your lender, contact a housing or credit counseling agency. Counselors can help you examine your budget and determine the options available to you. They may also advise you about ways to work with your lender or offer to negotiate with your lender on your behalf.

## 3. Know your options.

Some options provide short-term solutions/help, while others provide long-term or permanent solutions. You may be able to work out a temporary plan for making up missed payments, or you may be able to modify the loan terms. Sometimes, the best option may be to sell the house. For information on different options, visit HUD's website ([www.hud.gov/foreclosure/index.cfm](http://www.hud.gov/foreclosure/index.cfm)) or Foreclosure Resources for Consumers ([www.federalreserve.gov/consumerinfo/foreclosure.htm](http://www.federalreserve.gov/consumerinfo/foreclosure.htm)) for links to local resources.

## 4. Stick to your plan.

Protect your credit score by making timely payments. Prioritize bills and pay those that are most necessary, such as your new mortgage payment. Consider cutting optional expenses such as eating out and premium cable TV services. If your situation changes and you can no longer meet your new payment schedule, call your lender or housing counselor immediately.

## 5. Beware of foreclosure rescue scams.

Con artists take advantage of people who have fallen behind on their mortgage payments and who face foreclosure. These con artists may even call themselves "counselors." Your mortgage lender or a legitimate housing counselor can best help you decide which option is best for you. For tips on spotting scam artists, visit the Federal Trade Commission's website, Foreclosure Rescue Scams ([www.ftc.gov/bcp/edu/pubs/consumer/credit/cre42.shtm](http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre42.shtm)). Report suspicious schemes to your state and local consumer protection agencies, which you can find on the Consumer Action Website ([www.consumeraction.gov/caw\\_state\\_resources.shtml](http://www.consumeraction.gov/caw_state_resources.shtml)).

