Your Door to FHA HOMEOWNERSHIP

FEDERAL HOUSING ADMINISTRATION

SHOULD I BE AWARE OF ANYTHING ELSE?

Beware of foreclosure prevention scams! You may be approached by organizations with official sounding names offering a quick fix to your mortgage problems. They often charge hefty fees or require that you "temporarily" sign over your deed to them. Remember — solutions that sound too good to be true usually are. These precautions will help you avoid being taken by a scam artist:

1. Never sign any papers you don't fully understand.
2. Check with a lawyer, your lender or trusted advisor, or a HUD-approved housing counselor before entering into any deal involving a loan assumption, contract of sale or a transfer of the deed to your home.
3. If you can't afford your current mortgage, don't be talked into refinancing into a new loan with a higher payment.

   To find a HUD counselor in your area call:
   1-800-569-4287 or TDD 1-800-877-8339.

WHAT IS FHA?

The Federal Housing Administration is part of the U.S. Department of Housing and Urban Development (HUD). FHA provides mortgage insurance to approved lenders who in turn offer mortgage loan financing to individuals and families throughout the United States and territories. The FHA mortgage insurance enables approved mortgagees to provide home loans to eligible borrowers who might not otherwise qualify for other mortgage loan financing. FHA borrowers are often first-time homebuyers, moderate income families or folks who can't afford a large downpayment.

To learn more about FHA's programs, please visit:
www.hud.gov/fha or contact the
FHA Resource Center:
1-800-CALL-FHA (1-800-225-5342)

Federally Insured, Always There!

U.S. Department of Housing and Urban Development
Federal Housing Administration
451 Seventh Street S.W.
Washington, D.C. 20410

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MAKING HOME AFFORDABLE.GOV
1-888-995-HOPE

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FEDERAL HOUSING ADMINISTRATION

SAVE YOUR HOME

Tips to Avoid Foreclosure

www.hud.gov/fha
1-800-CALL-FHA
(1-800-225-5342)

Equal Housing Opportunity

HELP! I CAN'T MAKE MY MORTGAGE PAYMENT.

Every day thousands of people like you have trouble making the next mortgage payment. Though things may seem hopeless, help is available. However, you need to take the first step! If you ignore the problem you may lose your home to foreclosure, possibly affecting your ability to qualify for credit or to rent another home.

WHAT SHOULD I DO?

1. Contact your lender right away. You can find a contact number on your mortgage statement. When you call, be prepared to explain:

- Why you are unable to make your payment.
- Whether the problem is temporary or permanent.
- Details about your income, expenses, and other assets like cash in the bank.

2. If you are uncomfortable talking to your lender, a HUD-approved housing counseling agency can help you understand your options. These services are free of charge.

3. Open all of the mail you receive from your lender. It contains valuable information about repayment options. Later mail may have important legal notices. Failing to read the mail will not prevent a foreclosure action.

4. Look for ways to increase the amount you have available to make your mortgage payments. Can you cancel cable TV, pack lunches, or get a part-time job? While these actions may not replace all of your lost income, they send a strong message to your lender that you are serious about keeping your home.

NOTHING IS WORSE THAN DOING NOTHING!

WHAT OPTIONS WILL HELP ME KEEP MY HOME?

FHA provides, as part of its insurance contract with lenders, loss mitigation actions the lender must evaluate and take, when appropriate, to reduce financial losses on loans in default. Your lender needs information from you to fully evaluate these options. If you want to keep your home, talk to your lender about available workout options for home retention. While the options listed here are for borrowers with FHA-insured loans, most lenders offer similar workout plans designed to help you keep your home.

Special Forbearance. Your lender may provide for a temporary reduction or suspension of your payments to allow you time to overcome the problem that reduced your income. Then you may be offered a payment plan so you can pay back the missed payments a little at a time until you are caught up. An extended forbearance period may be provided to unemployed borrowers who are actively seeking employment.

Mortgage Modification. A modification is a permanent change to your loan through which the overdue payments may be added to your loan balance, the interest rate may be changed or the number of years you have to pay off the loan may be extended.

Partial Claim. In a Partial Claim, a borrower receives a second loan in an amount necessary to bring the delinquent loan current. The loan is interest free and does not need to be repaid until you pay off your first mortgage or sell your house. This option is only available to borrowers with FHA-insured loans. However, if you have a conventional loan, ask your lender if they offer an "advance claim."

FHA-Home Affordable Modification Program (FHA-HAMP). This option combines an enhanced partial claim with a loan modification. Under the FHA-HAMP, the partial claim loan will not only include any amounts necessary to bring your mortgage current but may also include an amount to reduce your existing loan balance by up to 30%. The reduced loan balance will then be modified to lower your monthly mortgage payment to an affordable level. As described above, the partial claim loan is interest free, but must be repaid when you pay off your first mortgage or sell your house.

To qualify for any of these options, you will need to provide your lender with current information about your income and expenses. Also, your lender may require that you agree to a payment plan for three or more months to demonstrate your commitment before you are approved for a modification or partial claim.

WHAT OPTIONS DO I HAVE IF I CAN'T KEEP MY HOME?

If your income or expenses have changed so much that you are not able to continue paying the mortgage even under a workout plan offered by your lender, you should consider the options below.

Pre-foreclosure sale. With your lender's permission you can offer your house for sale and sell it at fair market value even if the amount you receive from the sale is less than the amount you owe. If you meet certain conditions, you may be eligible to receive relocation expenses.

Deed-in-lieu of foreclosure. As a last resort, you may be able to voluntarily give your property back to your lender. If you leave the property clean and undamaged you may be eligible to receive relocation expenses.

There could be income tax consequences to any plan that reduces the amount of debt you owe so check with a tax advisor before accepting these workout options.

Contact FHA

Struggling homeowners with FHA-insured loans can get assistance by contacting HUD's National Servicing Center at (877) 622-8525. Persons with hearing or speech impairments may reach this number via TDD/TTY by calling (800) 877-8339.

Beware of Scams! If It Sounds Too Good To Be True…It Usually Is.
Report mortgage fraud. Call 1-800-347-3735.