

10 THINGS NOT TO DO IF YOU WANT TO STOP FORECLOSURE ON YOUR HOME

1. Do NOT fail to accrue savings for an emergency.

Many wants and needs face each of us each day. Every dollar we earn seems to have its path determined before it comes to our hand. This often results in people putting aside little or no savings for a rainy day. Yet, rainy days do happen, that fact we know. I would love to see homeowners with six months of mortgage payments in savings. As a minimum people should have one to three months of mortgage payments as a reserve to help stop a foreclosure.

2. Do NOT get caught without a Home Equity Line of Credit in place.

If something comes up forcing you to stop a foreclosure you will need money fast but the options may be gone by then. At least 90% of foreclosures could be prevented or delayed if **home equity lines of credit** were previously activated. Setting up an **equity credit line** can often be done for no cost and can lock in rates as low as 4%. In most cases you pay nothing each month if you do not access the line. No one ever expects sudden health problems, loss of a job or emergency requiring funds fast. By definition, these unforeseen events might prevent obtaining a loan once they occur. By setting up a **home equity credit line** before you ever miss a mortgage payment, you will have money when you really need it. No reason to fill out an application again, just write yourself a check. When things get back in order, pay back the line and then use it again the next time. Just be careful not to use the line for frivolous purposes and you will love your **home equity credit line** - especially if you never have to use it.

3. Do NOT miss a mortgage payment.

This may seem like a “no-brainer”, but every foreclosure traces its origin to missing one mortgage payment. Keep these things in mind here:

1. Skipping a mortgage payment ranks as a far more serious issue than missing a utility or credit card payment. Consider not spending on non-essentials, ignoring a different bill or using savings before letting a mortgage obligation pass.
2. Once you have missed a mortgage payment you have started down a slippery slope and missing a second, third or fourth payment becomes easier from a psychological point of view.
3. Once you have missed a mortgage payment, your credit suffers an immediate blow, which may stop you from getting the loan you need to save your house. While some **foreclosure prevention loans** remain options deep into the foreclosure process, how much you can borrow decreases with each corresponding decrease in your credit score. Often the difference between what you could have taken as proceeds from a **foreclosure prevention loan** or refinance before you miss your first mortgage payment and the loan available after missing several payments means the difference between keeping or losing your home.

4. Do NOT fail to ask for help.

Some say, "A friend in need is a friend indeed" but when it comes to trying to stop a foreclosure pride must take a back seat. Fear, shame and embarrassment just touch the edge of the deep emotions that affect someone losing their home to foreclosure. The last thing someone in foreclosure wants to do is admit to a parent or sibling that they have gotten into such trouble. Yet no one other than a parent, sibling or close friend would stand by your side and help you through an experience as difficult as a foreclosure. Remember these items:

1. People will learn of your situation when it hits the papers or when you have to move out of the house, wouldn't you rather they heard the news from you first?
2. Most people whom you care about will be more understanding than you expect and will not try to make you feel like a failure.
3. You may be surprised at what kind of help will be offered and the difference it can make in saving your home from foreclosure and making you feel better about the whole situation.

5. Do NOT ignore the lender.

Somehow getting behind on a mortgage comes with a built in belief that phoning your lender constitutes a sin or that a call to a lender will result in their ripping your head off right through the chord. In truth, most lenders appreciate knowing why you are having trouble and like updates on how things are going, especially when your problems have justified reasons like health issues or the loss of a job. Treat letters from your lender as wake up call from a concerned neighbor rather than a threat from a bully. Remember – banks want to help get you back on track, they want their payments not your house. If you do not think you can talk to them yourself about a plan there are **professional foreclosure negotiators** who can help if you have fallen behind.

6. Do NOT deny you have a problem.

The technique most commonly employed to deal with a foreclosure or financial crisis remains the "ostrich" method of ignoring the problem. A related option involves reacting to the issues by losing hope and giving up. Following these paths will surely lead to never stopping the house foreclosure. From the time one even thinks a payment will be late only a limited amount of time exists until the foreclosure auction and with each passing day more options become unavailable. Face the problems, deal with them, and find solutions. For more articles on how to deal with financial problems read the materials at debtworkout.com, stophomeforeclosurehelp.com and fix-debt.com.

7. Do NOT think you have no options, Do NOT fail to take advantage of them.

You may believe, or your lender may lead you to believe, that you must pay them in full or lose your home to foreclosure. In fact, many options exist which will allow you to keep your house and stop the foreclosure proceeding without paying all of your arrearage at once. Some choices may even reduce what you owe on your property by tens of thousands of dollars. Almost everyone has some options and the sooner you act the more options you have. As the foreclosure date gets closer, options continue to become unavailable until by the foreclosure date only payment in full or a bankruptcy

filing remain. Read more about what [foreclosure prevention options](#) you have and take action as fast as you can.

8. Do NOT spend what money you have on other bills.

After missing mortgage payments for 3 or 4 months a mortgage company may “call” or “accelerate” the home loan. Once this happens they no longer take a single monthly payment, instead insisting all back payments be made at once. While other options short of paying all arrearage may be negotiated, the biggest mistake people make at this time involves allocation of what little cash they do have. It almost seems natural since the mortgage company says they do not want your money, and the second mortgage company, credit cards and others call everyday demanding money, the proper thing to do it pay the others. If there are ten people calling, making nine happy means fewer calls for you and less headaches in the short run. In the bigger picture this represents a critical mistake. At some point you will need those funds to save the house. Many methods exist to stop a foreclosure but they will all require money. Ask yourself this, “Would you rather lose your credit cards or loose your house?” If you want to keep the house and you cannot pay what they want just save what you can, you will likely need it for whatever steps you might take to save your home. For much more on this subject read [“Who to pay when you can pay everyone”](#).

9. Do NOT stop making payments.

You’ve missed a mortgage payment. Now comes the second month and you get a bill for two payments. Part way thought the month you have the money for one payment, but the bill says you owe two so you do nothing. Think carefully before you fall into this trap. There will come a time when the bank will demand you pay all you owe them and they will take no less. Until the bank refuses to take your money consider making what payments you can. This will show the bank you intend to pay them and show them efforts are being made. More importantly if over four months you made only two payments you may be only 60 days behind, while that may not make the bank happy, it may not meet their criteria to start a foreclosure. Keeping in touch with the bank and making some payments can delay the start of foreclosure many months. Hopefully during that extra time you can solve the underlying problems and avoid ever having a foreclosure. On the other hand, if you have no hope of ever keeping the house anything you pay to stay longer should be viewed more like rent, which may or may not make sense depending on your personal circumstances.

10. Do NOT miss bankruptcy filing deadlines.

Proper filing of a Chapter 13 Bankruptcy always stops a foreclosure in its tracks. When a Chapter 13 plan to pay back creditors meets approval from the court and the debtor pays all the payments under the plan the foreclosure never starts up again. Failure to make payments gives the creditor the option of restarting the foreclosure when it left off before the Chapter 13.

Points to remember:

1. You must file on time; failure to meet a filing deadline could result in loosing your home.
2. You must make all payments required under the plan; otherwise creditor can start the foreclosure back up.

