



KEEPING WHAT YOU WORKED HARD FOR

KNOW YOUR OPTIONS DURING DELINQUENCY OR FORECLOSURE

At this critical time, it is important to understand the options your lender may consider to help you keep your home. This guide explains those options and will prepare you to have a discussion with your lender to find a solution.

INSIDE YOU WILL LEARN:

Options to help you modify your payment and keep your home

Options to prevent foreclosure and related fees

Types of bankruptcy

Who you should contact and when



MODIFYING YOUR PAYMENT TO KEEP YOUR HOME

There are several ways your lender could change your mortgage payment to help you get back on track and keep your home. Your lender will decide what you qualify for by considering what you earn versus what you can afford.

FORBEARANCE

Informal Forbearance

Informal forbearance is a **verbal** repayment plan frequently used when the past-due amount owed has not exceeded three months. You may be required to make 1 $\frac{1}{4}$ payment or 1 $\frac{1}{2}$ payment until your loan is current.

Formal Forbearance

Formal forbearance is a **written** repayment plan developed by the lender which requires you to make a payment and a partial payment until you repay the delinquent amount owed. The total amount delinquent may not exceed 12 months, including principal, interest, taxes and insurance (PITI). The plan cannot exceed 18 months. Late fees will not be incurred as long as you abide by the terms of the agreement.

LOAN MODIFICATION

Loan modification is a permanent change in one or more of the terms of a borrower's loan. It allows a loan to be reinstated and will result in a payment that the borrower can afford.

A lender may consider loan modification if:

- Borrower has experienced a verifiable increase in living expenses or loss of income
- Loan is two to three months delinquent
- At least 12 months have lapsed since loan closing
- Loan is not in foreclosure
- Owner occupies the property as their primary residence
- Borrower has sufficient income to handle the modified mortgage
- Borrower does not have another mortgage

Loan modification options may include:

- Adjusting the interest rate
- Adding delinquent amounts owed into the loan balance
- Changing the mortgage payment
- Extending the loan repayment term



THESE OPTIONS ALLOW YOU TO KEEP YOUR HOME AND CONTINUE WITH YOUR MORTGAGE, BUT YOU MUST BE ABLE TO KEEP THE TERMS OF THE NEW AGREEMENT.



PREVENTING FORECLOSURE AND RELATED FEES

If your circumstances have changed and you are unable to continue making your mortgage payments, you may qualify for an option that will release you from homeownership without the costly legal fees of foreclosure.

PRE-FORECLOSURE SALE

A pre-foreclosure sale allows a borrower in default to sell their property and use the sale proceeds to pay off the mortgage loan in full, even if the proceeds are less than the amount owed. This option prevents foreclosure and its legal fees.

A pre-foreclosure sale will not be accepted without prior approval from the lender, so it is important to contact your lender to get approval before attempting to sell your property.

To qualify for a pre-foreclosure sale:

- The borrower must be delinquent more than 31 days
- The borrower must be able to verify an increase in living expenses or decrease in income
- The property cannot be abandoned
- The property must be the borrower's primary residence (lenders may make exceptions)
- The borrower cannot have the resources needed to get current (foreclosure must be inevitable)

DEED-IN-LIEU OF FORECLOSURE

Borrowers choosing deed-in-lieu of foreclosure voluntarily give ownership and collateral of the property (the deed) back to their lender in exchange for a release from the mortgage. The borrower will no longer legally own the property. While this option does appear on your credit history, it will prevent you and your lender from incurring legal expenses related to foreclosure.

To qualify for deed-in-lieu of foreclosure:

- The borrower must be delinquent 31 days and does not qualify for any other option
- Attempts at selling the house are unsuccessful
- No other liens are attached to the property



**THESE OPTIONS RELEASE YOU FROM YOUR MORTGAGE AND HOMEOWNERSHIP,
HOWEVER YOU WILL FORFEIT THE HOME AND ANY EQUITY THAT YOU HAVE BUILT UP SO FAR.**

UNDERSTANDING BANKRUPTCY TYPES

If you need to file bankruptcy but want to stay in your home, legal action is sometimes necessary to keep your investment. Become acquainted now with your options and call upon a qualified attorney when it's necessary.

CHAPTER 13 BANKRUPTCY

Chapter 13 Bankruptcy allows a borrower to restructure credit debt through the state's legal system. Under this plan, the borrower is asked to provide a plan for repayment, including how you intend to make your regular monthly payment, repay back amounts owed and the timeframe for doing so. Then, your plan is presented to the court. If approved, paid funds are then sent to a court-appointed trustee to disburse to your lender and other creditors.

Although this option appears on your credit history, it will stop harassing calls from creditors and allow you to keep your home. It is recommended that you use legal assistance to pursue this option.

CHAPTER 7 BANKRUPTCY

Chapter 7 Bankruptcy allows a borrower to be freed from all credit obligations (including your mortgage). If you are behind on your mortgage and file Chapter 7 Bankruptcy, you must surrender the property to your mortgage lender.

If you wish to keep your home, and you are current on your mortgage, you must sign a Re-Affirmation Agreement. Your attorney and lender will work together to reach the agreement.

FOR MORE INFORMATION ABOUT CHAPTER 7 OR CHAPTER 13 BANKRUPTCY, CONTACT A BANKRUPTCY ATTORNEY.

WHO TO CONTACT AND WHEN

Don't hesitate to call for assistance. The sooner you address your situation, the more options you have. However, the longer you wait, the less cooperative your lender is likely to be.



If you have not yet missed a payment, but are worried that you will miss one soon, contact INHP before you are late.



If your payment is already late, even if only by one day, you will need to contact INHP + Collections/Loss Mitigation.

INHP REPRESENTATIVE

Ruth Wooden
Senior Post Purchase Specialist
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COLLECTIONS/LOSS MITIGATION

866-679-5896



**HAVE QUESTIONS ABOUT YOUR MORTGAGE LOAN?
TALK WITH THE TRUSTED EXPERTS AT INHP ABOUT YOUR SITUATION.**

