



MAKING CENTS

TAKE STEPS TO PREVENT FORECLOSURE

-John P. Napolitano, CFP®, CPA, PFS, MST



The number of home foreclosures has grown over the past few years at an alarming speed. A changing economy and the increase in subprime borrowing are just two of the many reasons for this unfortunate turn of events. But for those faced with the prospect of losing their home, there are several measures that can be taken to avoid foreclosure.

It may seem like stating the obvious, but health care and mortgage payments must always share the billing for top priority. If you can't meet these monthly payments, take an honest look at all other expenses and look for a few that can be trimmed or eliminated.

Don't ignore the fact that you're having trouble making your mortgage payments, and never allow things to go from bad to worse before you contact your lender. The truth is, a lender would much rather receive mortgage payments than auction your house. Your lender can provide alternatives to help you prevent foreclosure. Keep your eyes open for government bailout plans. Always open and respond to mailings from your lending institution. Those first notices of mortgage nonpayment will

include important information about foreclosure prevention.

If you do receive the dreaded pending foreclosure letter, take immediate measures and research your alternatives. A good resource is www.fha.gov. And while you're in research mode, take the time to know your mortgage rights. Locate any and all loan documents and scour those sections that spell out what actions your lender can take if you miss payments.

As mentioned earlier, lenders really don't want to go through the hassle of foreclosing on mortgages, so if you come up with a plan, you may be able to avoid placing your house on the auction block. Take stock of assets other than your house that can be sold for ready cash. Perhaps you or another household member is willing to take on a second job to increase cash flow.

The increase in foreclosures has spawned for-profit foreclosure prevention companies that promise to negotiate a mitigation plan with your lender - for a substantial fee. Don't take on another debt when you have the ability to speak to and negotiate with your lender directly.

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