

# If you can't make your house payment, get expert help quickly!



## If I miss just one house payment, could it cause a problem?

Yes. The lender (the bank or whoever holds the mortgage) can start **foreclosure**. This means they can sell your house at an auction and make you move out. Most lenders don't foreclose after you miss just one payment, but they can. A lender can foreclose at any time after you miss a payment. So, act quickly to protect yourself!



## Won't I be told in time to do something?

Not always. The lender will probably send you a letter about the foreclosure, but you can't count on it. They don't always have to tell you before they sell your house.

## Can I stop foreclosure by sending just part of a payment?

No. Send part of a payment only if you know your lender will accept it. If they will, get this special agreement in writing. Be sure it is signed by a representative of the lender. You must then keep your end of the special agreement. If you don't, you could face foreclosure again.

## If they sell my house at a foreclosure sale, will I get part of the money?

Probably not. At a foreclosure sale, a house usually sells for far less than it is worth. It often sells for just the amount still owed on it. When this happens, the lender gets all the money from the

sale. If the house sells for less than you owe on it, the lender can still sue you for the rest of the money.

## Can I stop a foreclosure?

Sometimes you can, but you must act fast and get expert help. Do **NOT** just give up and let the foreclosure happen. Try everything you can to stop it.

## Where can I get expert help?

Get help from an approved housing counseling agency or from Legal Aid. Some approved housing counseling agencies are listed near the end of this booklet.



Housing counselors **can't make your payments for you**. But they may help you:

- Cut back on other bills so you can make your house payments.
- Work out an agreement with your lender to lower your payments.
- Find a lawyer who can help you file a Chapter 13 bankruptcy. This lets you make lower payments on your bills through the court.
- Make an agreement to deed the house to the lender. You should only do this if the lender agrees in writing to forgive your debt.
- Sell the house and pay off the mortgage. This will prevent foreclosure.



**Warning!** Don't let anyone rip you off. Someone may write or visit you with an offer to "save" you from foreclosure. They

may offer to buy your house and sell it back to you. They may offer to loan you money to catch up your payments. They may offer to speak to your lender for a fee. Be careful of such offers. **Never** sign or pay money without first checking with a housing counseling agency or a lawyer.

### Does it matter what kind of mortgage I have?

**Yes!** The law gives you more protection if your home has a mortgage with:

- FHA (Federal Housing Administration) or
- VA (Veterans Administration) or
- FmHA (Farmers Home Administration) or
- If you are on active military duty.

### If you have an FHA mortgage



If you can't make a payment or you get behind, contact your lender. Explain why you can't make the payment. Ask if they can lower your payments. They will ask you to fill out a "workout packet." The packet has papers you must fill out and give back to your lender. This will help the lender decide if your payments should be lowered.

What if the lender doesn't want to lower the payments? You can ask FHA to make the lender do it. Call HUD's National Servicing and Loss Mitigation Center at **1-888-297-8685, extension 1**. This is a free call. Tell them your FHA loan number and the name of the lender.

The FHA specialist looks at the information you gave when you asked for lower payments. The FHA specialist may keep the payments the same **OR** lower your payments.

Have you lost your job? Do you have a lot of

medical bills? Then most of the time the lenders and FHA specialist will lower payments.

### If you have a Veteran's Administration (VA) mortgage

If you get behind on payments or can't make a payment, call your lender. Explain why you can't pay. Ask if they can lower your payments. If the lender won't lower your payments, call the VA's Home Loan Guarantee Office. You can call them at **1-888-768-2132** for free. The VA may be able to lower your payments for a few months. The VA may help you sell your home to avoid foreclosure and protect your credit. In some cases, the VA will buy the loan from the lender. They will lower the interest rates so your payments will be lower.

### If you have a Farmer's Home Administration (FmHA) mortgage



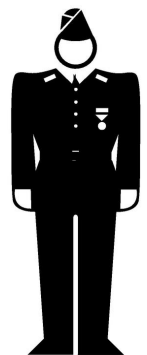
Are you behind in payments or can't make a payment? Then call the FmHA Rural Development Office right away. You can call them at **1-800-414-1226** for free. Tell them why you can't make your house payments. Ask if they can lower your payments. They may be able to lower your payments for a few months.

### If you are on active military duty you can get lower mortgage payments

This is for anyone in the military, Coast Guard, National Guard or reserve. You must be on active duty for more than 30 days in a row.

You can get your interest lowered to **no more than 6% a year**. This will lower your payments. You must ask for this in writing. In the letter, you must:

- Say you have been called to active duty,
- Send a copy of your military orders,
- Give your FHA case number, and
- Show you had the debt before you went on active duty.



You can send the letter as soon as you get your orders. The latest you can send it is 180 days after you are off active duty.

Can you make your payments at the higher rate? You can still ask for the lower rate. The lender can ask a court to keep the higher rate. This almost never happens.

### What if you can't make the payments even at the lower rate?

The lender may let you pay just the interest while you are on active duty. Lenders don't have to do this. But most of them want to help people in the military keep their homes. You will still owe the same amount. But you won't have to re-pay it until after you are off active duty.



Most lenders have other programs to help if you can't make payments. If you need help, contact your lender right away. Tell them you can't make payments. You can do this even if you are not on active duty.

**Are you on active duty?** Or have you been on active duty within the last 90 days? Then the lender **can't foreclose without an OK from court**. In court the lender must prove active duty didn't make you have trouble paying.

**What happens when your active duty ends?** Once your active duty is over, the 6% interest rate ends. Your interest rate goes back to what it used to be. Your payments will go back up, too.

If you have questions about this, contact your unit judge advocate. Or you can contact your installation legal assistance officer.

### Are you getting behind because payments went up?

You may be able to refinance through FHA Secure Refinancing. This can lower your monthly payment. FHA Secure will add any payments you have missed to the mortgage. To get FHA Secure, you must:

- Have an Adjustable Rate Mortgage that is not an FHA loan,

- Have been making your payments on time until the amount went up and
- Have enough income to make the new lower payments.

To find out if you can get FHA Secure, talk to a Housing Counselor. There is a list of Housing Counselors starting on the bottom of this page. OR call FHA for free at 1-800-225-5342.

### Other reasons for foreclosure

This booklet is about foreclosure when you can't make your house payments. Foreclosure can happen for other reasons, such as:

- You get behind on your property taxes, or
- Your deed requires home owners' insurance and you don't have it, or
- Creditors win a lawsuit against you over a debt.

In any of these cases, you should see a lawyer.

### Where to get expert help

You can get the names of the HUD-approved housing counseling agencies in your area. Call **1-800-569-4287**. It's a free call.



Some of the HUD approved housing counseling agencies in Middle and East Tennessee are:

**Affordable Housing Resources** in Nashville:  
(615) 251-0025 or make a free call to  
1-877-559-3377

**CCCS of the Midwest in Nashville:**  
(615) 777-3405 or make a free call to  
1-800-355-2227

**Citizens for Affordable Housing** in Nashville:  
(615) 361-9101

**Gap Community Development Resources, Inc.** in Franklin: (615) 591-4345

**Housing Development Corporation of the Clinch Valley** in Oak Ridge: (865) 482-7345, ext 106

**Residential Resources, Inc.** in Nashville:  
(615) 650-9779

**Woodbine Community Organization** in  
Nashville:  
(615) 850-3453.

You may also be able to get free legal help. Call **Legal Aid** at **1-800-238-1443**. It's a free call.

---

**Legal Aid Society**

**1-800-238-1443**

It's a free call.

On the internet at [www.las.org](http://www.las.org)

**L E G A L   A I D   S O C I E T Y**  
OF MIDDLE TENNESSEE AND THE CUMBERLANDS

NOTE: This pamphlet cannot take the place of legal advice. Each case is different and needs individual attention.

Revised 2/2008