

Tips for Homeowners in Default or Facing Foreclosure

- **Apply for a loan modification in writing.** If you qualify, a loan modification may reduce your interest rate, reduce your monthly payment, extend the loan term, and reduce or forbear some of the principal balance.
- **Keep copies!** Keep copies of your application and all supporting documents, including fax cover sheets, receipts, and tracking numbers.
- **Stay in touch with your mortgage company.** Keep calling and following up with your mortgage company, and keep records of your communications – including letters, emails, and the names, dates, times, telephone numbers, and content of all telephone communications.
- **Do not pay anyone for loan modification assistance - it is most likely a scam.** Seek free help from a HUD-approved housing counselor: <http://www.consumerfinance.gov/find-a-housing-counselor/>. A housing counselor can help you determine whether you might qualify for a loan modification or other option based on your type of loan, hardship, and household budget.
- **Explore your options.** Depending on the type of mortgage you have, your options may vary, particularly if you have an FHA or VA loan or a loan owned by Fannie Mae or Freddie Mac. Your mortgage company may offer you a variety of workout options, some more helpful than others. If most or all of your income is from unemployment benefits, it is not likely that you would be eligible for a loan modification. You may, however, be eligible for a forbearance plan.
- **Consider applying for HomeSafe Georgia.** If you are struggling because of the death of a spouse or homeowner; or awarded full disability; or went from involuntary unemployment (receiving unemployment benefits, Workman’s Comp, or disability) to Social Security, you may be eligible for HomeSafe Georgia’s Mortgage Principal Reduction program. For more information, visit <https://www.homesafegeorgia.com> or call 1-877-519-4443.
- **If you are facing foreclosure, take it seriously.** If you have received a foreclosure letter, take that letter seriously, even if you are negotiating with your mortgage company about a loan modification. If the mortgage company tells you it has cancelled the foreclosure sale, make sure you get written confirmation that the foreclosure sale has been cancelled. If you do not have written confirmation, have a back-up plan such as filing a bankruptcy prior to the scheduled foreclosure. A completed foreclosure can be very difficult to reverse. For more information, see additional handout, “Georgia Foreclosure Law.”
- **Be realistic.** If you have savings or a retirement fund, do not exhaust them in order to hold onto a home with no equity (or negative equity), or that you have little chance of keeping. Be realistic about your options, once you know your options. A home is important, but it is not worth sacrificing your entire financial future.

Need legal assistance? Call the Home Defense Program of Atlanta Legal Aid at (770) 648-4290.