

Getting Through Tough Financial Times

Prevent Foreclosure

Homeowners struggle and fall behind in paying their mortgages because of three primary reasons:

- * A reduction in income caused by significant life events.
 - o Death of spouse
 - o Loss of job
 - o Illness causing unable to work
- * Homeowners fail to understand the terms of their mortgage.
 - o Type of mortgage
 - o Clauses in the mortgage
- * Homeowners are lured by predatory lenders into unsustainable mortgages.

Regardless of the situation, here are some helpful tips to evaluate your mortgage status and avoid foreclosure:

Understand Your Loan

If you have a fixed-rate mortgage, your payments will remain the same throughout the life of your loan. If you have any types of adjustable rate mortgage (ARM) including interest-only; balloon; and two-step mortgages; your monthly payments will change. You must understand how and when these changes will begin affecting your monthly household budget.

Know Your Rights

If you are unable to make payments, immediately locate your loan documents to determine what your lender can do. For free assistance in understanding your loan documents, contact the Homeownership Preservation Foundation, a non-profit organization dedicated to helping homeowners prevent foreclosure. Visit www.995hope.org or call their hotline at (888) 995-HOPE.

Contact Your Lender Right Away

Your lender may have a loss mitigation specialist who can provide alternatives to assist you. **DO NOT** avoid lender communication hoping the problem will go away. Review your payment book or monthly mortgage billing statement to determine how to contact your lender; many times the mortgage broker or financial institutions originally involved in your home purchase no longer handles the servicing of your loan. Make sure to document all verbal communication during this process including the date, name of representative and a brief summary of the conversation; keep copies of all written communication.

Seek Assistance from a Housing Counselor

If assistance isn't available through your lender, the Homeownership Preservation Foundation or the U.S.

Department of Housing and Urban Development (HUD) can assist you in finding a HUD-approved housing counselor. Housing counselors can speak to your lender on your behalf to help you work out a solution. Visit HUD's website at www.hud.gov or try calling (800) 569-4287.

Prioritize Your Spending

The Illinois Department of Financial and Professional Regulation can help you find a debt management company licensed by the State of Illinois to assist you. Debt managers can assist with budgeting, financial education, and programs to control your debt situation especially if you have unsecured debt like high credit card bills. Visit www.idfpr.com or call (888) 298-8089 to locate a licensed debt manager near you.

Avoid Foreclosure Scams

If the foreclosure process has begun, your foreclosure status becomes public information. You may receive mail or phone calls with promises to help "get you into a new loan," "buy your property" or "save your credit". Beware of such calls, which tend to come from scam artists. Freddie Mac provides information about how to avoid predatory lending on their website: www.freddie.com . If you suspect you may be a victim of predatory lending, visit www.stopmortgagefraud.com or call (800) 348-3931 to learn more about your rights and how to file a complaint.

Source: State of Illinois Treasurer - www.treasurer.il.gov

