

This booklet is a guide of the *events* and *steps* which occur in the foreclosure process and contains useful information about the foreclosure process for homeowners in financial distress who struggle to pay their monthly mortgage loan payments (principal and interest, property taxes, homeowner's insurance premiums, and, if applicable, mortgage insurance premiums). Regardless of whether these items are lumped together into one monthly payment or paid separately, the result is the same. Homeowners are obligated to make these payments, and many face challenges in doing so.

Many homeowners find themselves continuing to face tough financial times due to stagnant incomes and weakness in the job market, the rising costs of living, increasing interest rates occurring in adjustable or variable rate mortgages, and rising medical expenses.

For example:

- Your monthly mortgage payments may have increased because of an upward adjustment in the interest rate. Adjustable or Variable Rate Mortgages can and do adjust automatically, as described in your original loan documents and disclosures.
- You may be unable to meet your monthly mortgage loan payments because of unforeseen circumstances such as losing your job, reduction of income, becoming ill, or needing time to care for an ill or injured loved one.
- You may be going through dissolution of union or marriage and your partner wants to “walk away” from your home and your monthly mortgage loan payments.
- Your monthly mortgage loan payments and income may be unchanged, but the value of your home may decrease to the point where your mortgage loan balance is greater than the value of your home, or your equity is insufficient to allow for refinancing of your home.



Regardless of your particular situation, if you are unable or unwilling to meet your monthly mortgage loan payments, you face the probability of foreclosure and eventual eviction.

When you purchased or refinanced your home, you borrowed money from a lender. With rare exception, the lender is entitled to repayment according to the financial terms described in your mortgage loan documents. If you miss your mortgage loan payments, your lender can cause your home to be sold to pay off your mortgage loan. This procedure is called foreclosure. While going through foreclosure is an overwhelming experience, the last thing you should do is nothing.

It can be an overwhelming experience for homeowners who do not know how to handle the lender's action to foreclose on their home. The emotional and traumatic issue of facing the loss of their home may leave some homeowners feeling as if they have no options. Many simply give up and do nothing and allow the process to run its course. However, doing nothing is the worst thing a distressed homeowner can do. Proactive steps can improve the situation in many circumstances.

This booklet was prepared to help you understand the foreclosure process and the potential alternatives or options to foreclosure so you can actively participate in finding the best possible solution for your mortgage loan situation. The best option is to take action by accepting responsibility, taking control over the factors you can affect, and acting decisively.

