

WHAT TO DO

If You Can't Make Your Mortgage Payment

A guide for
MaineHousing borrowers



MaineHousing

Maine State Housing Authority

www.mainehousing.org

Buying a home may be the biggest investment that you ever make. Protect your home by knowing what options are available to you if you run into financial trouble.

Life situations like unexpected medical expenses, a divorce, or losing a job are just some of the many reasons anyone might have a hard time keeping up with bills.

This guide will show you some ways to protect your home from foreclosure. It will explain your payment options and how you can reduce your housing costs. And if you are absolutely sure you cannot keep your home, it will show you ways to get out from under your mortgage without going through foreclosure.



Ask for help

Talk to your servicer at the first sign of problems—if possible *before* you miss a payment. If you fall behind and do not work out a payment plan, your servicer will start the foreclosure process and you may lose your home.

Your servicer is the bank or mortgage company that processes your payments and handles other tasks to assist you with your loan. You'll find your servicer's name and contact information on your billing statement or coupon booklet.

The longer you wait to talk with your servicer, the fewer choices you may have.

When you call, be ready to provide:

- Your loan number
- A brief explanation of your situation
- A list of your household expenses
- Information on your recent income (such as paychecks, social security, disability, unemployment, retirement, or public assistance)


In most cases, your servicer will send you a financial package with information, instructions, and forms. Complete and return the forms quickly so that they can help you determine which options may be best for you. Most options work best for loans that are only one to three payments past due.





Understand your payment options

If you are having trouble making your MaineHousing mortgage payments, there may be options available. Which option is right for you? That will depend on your financial situation and the type of mortgage insurance you have.



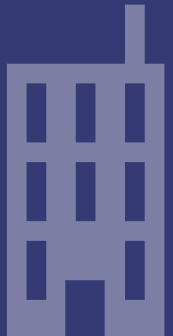
If you can't make payments because you have lost your job, you may qualify for the **Maine HOPE Program—HomeOwnership Protection for unEmployment**. This program may be available to assist you by making four of your MaineHousing mortgage payments, including taxes and homeowners insurance. The amount paid becomes a junior mortgage lien, with no interest.

The lien is repaid when you pay off your MaineHousing mortgage or stop using the home as your primary residence.

Understand your payment options continued

If you think you'll soon be able to make regular monthly payments again but can't catch up on the payments you missed, you may be eligible for an **informal payment plan**. Informal payment plans work best for loans less than three payments behind. You must be able to begin making regular monthly payments again, plus a portion of the past due amount. You and your loan servicer may agree to a payment plan over the phone. No formal agreements are required.

A **formal payment plan** may work best if you are three or more payments behind, but are confident you will bring your payments up to date within 6-12 months. With this option, you would enter into a formal written agreement with your



servicer.

A **special forbearance** is a written agreement to lower or stop your payment for a period of time. It works best if you expect a bonus, settlement, or tax refund that you will use to bring your loan up to date in one lump sum. Typically, this option would be used with a formal payment plan, which would take effect at the end of the forbearance period.

If you cannot bring your payments up to date, a **loan modification** may be possible. A loan modification is a written agreement that adjusts your loan by adding the past due amount to your loan balance and adjusting the rest of the payments to reflect the new loan amount. This option is used for loans more than three payments past due, and requires the value of your house to be greater than the loan amount.



Reduce your homeownership costs

Even if you can't avoid financial trouble, you may be able to reduce your homeownership costs.

Minimize your property taxes. You may qualify for one or more property tax exemptions. If you do, you will pay less in property taxes. Contact your city or town to ask about the Homestead Exemption and other property tax exemptions that may be available.

You may also qualify for a partial refund of your property taxes under the Maine Property Tax and Rent Refund Program. For more information, call Maine Revenue Services at 207-626-8475 or visit www.maine.gov/revenue/taxrelief.

Manage your homeowner's insurance. In many cases, insurance rates will go up each time you make a claim. The more claims you make, the higher your rate may go. If you make a lot of claims, your policy may even be canceled. Ask your insurance agent about when it is and is not in your

best interest to make a claim. Shop around to see if you are getting the best price and service for the coverage you need.

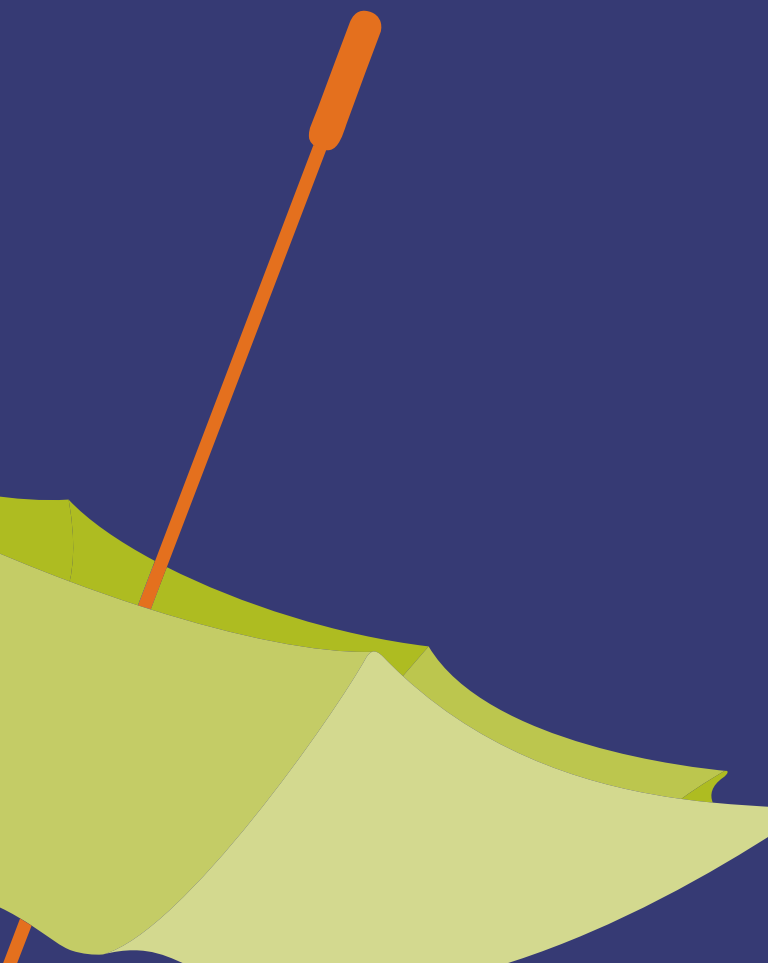
Improve energy efficiency. Simple things like caulking around windows and doors, installing energy efficient light bulbs, and cleaning and tuning up your furnace can save you money over time.

Don't put your home at risk. Avoid using home equity loans to pay off any personal debt, such as credit cards. If you are unable to pay your equity loan, the lender has the right to take your home through foreclosure.

Be cautious of predatory lenders who offer home refinancing. If the lender does not clearly explain the terms and the costs of the loan, does not seem concerned about your ability to pay it, or offers a higher interest rate or a rate that gets higher over time, the loan may not be in your best interest.

If the financial burden is still too much

If you think your financial trouble may be long term or permanent and believe you will not be able to keep your home, you still have options. You may be able to get out from under your mortgage debt without foreclosure and avoid unnecessary damage to your credit.



A **pre-foreclosure sale or short sale** allows you to sell your home before foreclosure is completed. When your home is sold, you will be expected to pay all or most of your loan amount. In some cases, the amount you get from the sale may be less than the amount that you owe. A pre-foreclosure sale or short sale must be approved by the lender.

If you don't think you can sell your home, a **Deed-in-Lieu of foreclosure** allows you to transfer your property to the mortgage holder rather than go through the public process of foreclosure. To qualify for a Deed-in-Lieu, you must have tried to sell your property for at least 90 days. Also, you cannot have any other liens on your property, such as another loan, IRS or state tax liens, or the judgments of other creditors.

Hard times happen, and it can be difficult to ask for help. But please do ask for help. Understand your payment options. Make sure you are doing everything you can to reduce your costs. If the financial burden is still too much—ask about how you can get out from under your mortgage without going through foreclosure. Protect your

MaineHousing Programs and Services

Opening the door to homeownership

- Low interest mortgages for first time homebuyers
- Downpayment and closing cost assistance
- Unemployment protection for MaineHousing borrowers
- Homebuyer education
- Financing for affordable subdivisions

Helping renters

- Financing development of new affordable rental housing
- Green standards for energy and maintenance efficiency
- Section 8 Housing Choice Vouchers

Making homes safe and warm

- Fuel assistance
- Home weatherization
- Home repair
- Lead safe homes
- Energy improvement loans
- Disaster recovery loans

Housing people who are homeless

- Shelter funding
- Financing development of transitional housing
- Rental assistance and self sufficiency counseling

MaineHousing Nondiscrimination Notice:

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