

Let's Talk Finances

What Struggling Homeowners Need to Know



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If you are struggling to pay your mortgage or facing foreclosure, don't wait to get help. Contact your bank or mortgage servicer to discuss options.

Contact your lender.

The first step is to contact your mortgage provider. About half of the people entering into foreclosure have not contacted their lender. Lenders are focused on long-term customer relationships and are devoted to finding solutions that keep customers in their homes. Most creditors are willing to work out alternate payment plans, especially in emergency situations such as job loss or major illness. To find out what institution holds your loan, contact your mortgage servicer.

Explore credit counseling.

The National Foundation for Credit Counseling can help you find a local credit counselor who can assist you with foreclosure and other debt issues. Counselors can help you develop a budget and a plan for paying down debt. To reach NFCC, call (800) 388-2227 or visit www.nfcc.org. Struggling homeowners can also contact HOPE NOW, an alliance of financial service professionals, or the Homeownership Preservation Foundation (888-995-HOPE) which offers free foreclosure prevention counseling.

Investigate mortgage modifications.

Making Home Affordable offers mortgage modifications for borrowers whose loans are owned by Fannie Mae and Freddie Mac or guaranteed by USDA or Veterans Affairs. MHA offers two different potential solutions for borrowers: refinancing mortgage loans through the Home Affordable Refinance Program (HARP), and modifying mortgage loans through the Home Affordable Modification Program (HAMP). You may be eligible to refinance through HARP if you're not behind on your mortgage payments, but have been unable to get traditional refinancing because the value of your home has declined. You may be eligible to modify your loans through HAMP if you are employed, but still struggle to make your mortgage payments. To speak with someone about either of these programs, call 888-995-HOPE. Six out of 10 callers will be referred to housing counselors.

Beware of foreclosure fraud.

Only work with non-profit housing counselors who have been approved by Housing and Urban Development. Check HUD.gov for a list of approved counselors. HUD sponsors housing counseling agencies throughout the country that can provide advice on buying a home, renting,

defaults, foreclosures, and credit issues. Most services are no- or low-cost and shouldn't run hundreds or thousands of dollars for assistance. Be wary of anyone who claims they can "fix" your credit. The only thing that can fix your credit report is time and a positive payment history.