



# ARE YOU FACING FORECLOSURE?

West Tennessee Legal Services

210 West Main St.  
PO Box 2066  
Jackson, Tennessee  
38302-2066

Email  
wtls@wtls.org

Web address  
www.wtls.org

Jackson  
731.423.0616  
800.372.8346

Dyersburg  
731.285.8183

Selmer  
731.645.7961

Huntingdon  
800.499.1602  
731.986.8975



## DO SOMETHING BEFORE YOU LOSE YOUR HOME!!!!

It is very important to keep your mortgage current, but if you cannot,  
**Explore Loan Workout Solutions with your Lender.**

West Tennessee Legal Services (WTLS) does not discriminate on the basis of age, race, color, religion, national origin, sex, or handicapped status. If you feel you have been discriminated against, you may file a complaint with the WTLS EEOC Officer P. O. Box 2066 Jackson, TN 38302

### *IS YOUR INABILITY TO PAY TEMPORARY?*

- **Reinstatement:** Your lender may be willing to discuss accepting the total amount owed in a lump sum by a specific date.
- **Forbearance:** Your lender may allow you to reduce or suspend payments for a short period of time and then agree to another option to bring your loan current. A forbearance option is often combined with a reinstatement when you know you will have enough money to bring the account current at a specific time.
- **Repayment plan:** You may be able to get an agreement to resume making your regular monthly payments, plus a portion of the past due payments each month until you are caught up.

### *IS YOUR INABILITY TO PAY LONG TERM?*

- **Mortgage modification:** If you can make payments on your loan, but do not have enough money to bring your account current or you can't afford your current payment, your lender may be able to change the terms of your original loan to make the payments more affordable. Your loan could be permanently changed in one or more of the following ways:

- Adding the missed payments to the existing loan balance.
- Changing the interest rate, including making an adjustable rate into a fixed rate.
- Extending the number of years you have to repay.

This fact sheet is not meant to take the place of legal advice.

If you have a legal problem, consult a private attorney or call your local Legal Services Office.

o **Partial Claim:** If your mortgage is insured, your lender might help you get a one-time interest-free loan from your mortgage guarantor to bring your account current. You may be allowed to wait several years before repaying this loan. You qualify for an FHA partial claim if:

o Your loan is between 4 and 12 months delinquent

You are able to begin making full mortgage payments again

When your lender files a partial claim, HUD will pay your lender the amount necessary to bring your mortgage current. You must sign a promissory note, and a lien will be placed on your property until the promissory note is paid in full.

### ***IS KEEPING YOUR HOME NOT AN OPTION?***

- **Sale:** If you can no longer afford your home, your lender will usually give you a specific amount of time to find a purchaser and pay off the total amount owed.
- **Pre-foreclosure sale or short sale:** If you cannot sell the property for the full amount of the loan, your lender may accept less than the amount owed.
- **Assumption:** A qualified buyer may be allowed to take over your mortgage, even if your original loan documents state that it is non-assumable.
- **Deed-in-lieu of foreclosure:** As a last resort, you "give back" your property and the debt is forgiven. This will not save your house, but it is less damaging to your credit rating. This option might sound like the easiest way out, but it has limitations:
  - o You usually have to try to sell the home for its fair market value for at least 90 days before the lender will consider this option
  - o This option may not be available if you have other liens, such as other creditor judgments, second mortgages, and IRS or state tax liens.

### ***WEST TENNESSEE LEGAL SERVICES***

provides

- Housing Counseling Information and Referral
  - Information and Referral
  - Home Ownership and Rental Counseling
  - Certified HUD Housing Counseling Agency
  - Advocates for Fair Housing
- Counsel for Non-profit organizations to increase affordable housing stock
  - Community Education programs, research and technical assistance

**It is illegal to discriminate against any person because of race, color, religion, sex, national origin, children in the family or a handicap or disability in the following situation:**

- Sale or rental of most housing
  - Advertising the sale or rental of housing
  - Financing of housing
- Provision of real estate brokerage services