

Mortgage Troubles

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Foreclosure proceedings threatened over two million Americans last year, and almost 900,000 homes were repossessed in 2008. If you are having trouble paying your mortgage, here are seven options to consider, courtesy of Bills.com.

1. Determine if you Qualify for Hope for Homeowners

HUD's Hope for Homeowners program may be able to help you refinance your mortgage to avoid foreclosure, if you originated the existing mortgage before Jan. 1, 2008, and the payment exceeds 31 percent of your gross income. Visit the Hope for Homeowners Web site to learn about other criteria and details: [Hope for Homeowners](#).

2. Refinance the Loan

If your credit is okay and the value of your home exceeds the mortgage, contact a trusted mortgage lender to determine your refinancing options. Learn about current rates by checking online rate comparison sites and using online calculators to determine the real costs of refinancing. These tools are available on a number of Web sites, including [Bills.com](#).

3. Inquire About Forbearance

If you are experiencing a temporary loss of income, contact your lender to see if they will grant a forbearance agreement to lower or eliminate some payments.

4. Consider Loan Modification

It doesn't hurt to ask for a permanent change to the loan, such as lowering the payment and extending the loan's term, or incorporating delinquencies into future payments. Many lenders will attempt to make an affordable monthly payment plan for you. To pursue a loan modification, contact your mortgage lender or loan servicer directly. For contact information, check with [HopeNow.com](#) (or 888-995-HOPE 888-995-HOPE), an alliance among counselors, mortgage companies, investors and other mortgage market participants formed to help homeowners.

5. Sell the Home

Selling the home may not be ideal, but it is a way to avoid foreclosure proceedings on the house and repay the lender. Today, some homes are worth less than the mortgage amount. These cases might require special permission from the lender to sell the home at a loss (known as a "short sale") for its current value.

6. Obtain a "Deed in Lieu" of Foreclosure

A "deed in lieu" essentially allows the borrower to return the title or deed of the property -- giving the home back -- to the mortgage holder to avoid foreclosure. The borrower forfeits any equity in the property, but does not have a foreclosure on his or her credit record.

7. Be Cautious

You may receive solicitations from scammers looking to help you prevent foreclosure by offering to sell your home for you or by taking ownership of your home. Instead, work with a trusted lender, broker and real estate agent. And be sure to consult with a tax adviser about the tax consequences of any option you are considering.