

Managing Your Money: A quick resource guide for credit counseling, personal budgeting and foreclosure information

If you are unable to make your mortgage payment:

1. Don't ignore the problem

The further behind you become, the harder it will be to reinstate your loan and the more likely that you will lose your house.

2. Contact your lender as soon as you realize that you have a problem

Lenders do not want your house. They have options to help borrowers through difficult financial times.

3. Open and respond to all mail from your lender

The first notices you receive will offer good information about foreclosure prevention options that can help you weather financial problems. Later mail may include important notice of pending legal action. Your failure to open the mail will not be an excuse in foreclosure court.

4. Know your mortgage rights

Find your loan documents and read them so you know what your lender may do if you can't make your payments. Learn about the foreclosure laws and timeframes in your state (as every state is different) by contacting the State Government Housing Office.

5. Understand foreclosure prevention options.

Valuable information about foreclosure prevention (also called loss mitigation) options can be found on the internet at www.hud.gov

6. Contact a HUD-approved housing counselor

The U.S. Department of Housing and Urban Development (HUD) funds free or very low cost housing counseling nationwide. Housing counselors can help you understand the law and your options, organize your finances and represent you in negotiations with your lender if you need this assistance.

After healthcare, keeping your house should be your first priority. Review your finances and see where you can cut spending in order to make your mortgage payment. Look for optional expenses-cable TV, memberships, entertainment-that you can eliminate. Delay payments on credit cards and other "unsecured" debt until you have paid your mortgage.

7. Use your assets

Do you have assets-a second car, jewelry, a whole life insurance policy-that you can sell for cash to help reinstate your loan? Can anyone in your household get an extra job to bring in additional income? Even if these efforts don't significantly increase your available cash or your income, they demonstrate to your lender that you are willing to make sacrifices to keep your home.

8. Avoid foreclosure prevention companies

You don't need to pay fees for foreclosure prevention help-use that money to pay the mortgage instead. Many for-profit companies will contact you promising to negotiate with your lender. While these may be legitimate businesses, they will charge you a hefty fee (often two or three month's mortgage payment) for information and services your lender or a HUD approved housing counselor will provide for free if you contact them.

9. Don't lose your house to foreclosure recovery scams!

If any firm claims they can stop your foreclosure immediately if you sign a document appointing them to act on your behalf, you may well be signing over the title to your property and becoming a renter in your own home! Never sign a legal document without reading and understanding all the terms and getting professional advice from an attorney, a trusted real estate professional, or a HUD approved housing counselor.

Getting Fiscally Fit

1. It's not how much you make: it's how much you spend and/or invest.
2. Managing money, handling credit, saving money and gaining wealth are all skills you can learn.
3. Schools generally don't teach these skills. Despite the importance of these money management skills, by and large schools or parents do not teach them. Most of us learn the hard way - by misusing credit.
4. Managing money is the first step in creating wealth, regardless of income ethnicity or where you live or work.
5. Improving your money management skills is the foundation to achieving long-term financial goals, such as buying a home, starting a business, paying for college or saving for retirement.
6. Homebuyer and home-ownership counseling (pre and post-purchase) is provided primarily through individual counseling sessions or in group settings (class). Individual counseling can be short-term and long-term.