

## COPING WITH MORTGAGE PROBLEMS

by Frank D. Granato  
Attorney at Law

Any homeowner losing their home is suffering through a devastating and traumatic event – the loss of shelter for their family and the loss of equity they worked for all their lives, in hope of using it to retire. For this reason, you will always want to give your mortgage debt the highest priority you can. The following information is intended to help you save your home in times of crisis.

1. First. Sit down at the kitchen table and take the time to make a list of all your expenses. In other words, where do you spend your money every month? Start eliminating those debts that are not essential to your survival. Eliminate Cable TV; find out how much you're spending on cell-phone use. Do you really need three or four phones for the family? What about your utilities? Turn off appliances and conserve energy; that will cut down on your bill every month. What about your insurance? Are you paying too much for your auto insurance? Get a higher deductible and lower your premiums. If you own your car free and clear, consider dropping all insurance except liability (liability is required by law). This will significantly reduce your insurance. Can you sell anything at a garage sale? The bottom line is to find out where your money is going and do what you can to save as much as possible.
2. Second. Make your mortgage payment first. Remember your lender can foreclose on your home and take it. Other debts are unsecured; they can afford to wait a while. If you have a dispute with your lender about what is owed on the mortgage, don't wait for them to do something, take the initiative and call them. Try and work something out. If you're starting to fall behind on your mortgage payment, see if you can convince the lender to accept partial payments. It doesn't hurt to ask. Always have your loan documents available. If you are missing any paperwork, write your lender and ask for a copy of all your loan documents.
3. Third. Maybe you are at the point where you need a mortgage workout. A mortgage workout allows you to continue making your mortgage payments. There are many different types of mortgage workouts: repayment agreements, loan modifications, forbearance agreements, etc. Contrary to popular belief, you do not need an attorney or a mortgage broker to help you with a workout. Start reading everything you can about mortgage workouts so you understand the terminology. Get counseling right away. Do an Internet search for "nonprofit foreclosure counseling." You will get many search results in which to start your research. The Department of Housing and Urban Development (HUD) maintains a database of HUD-approved counseling services. Visit their website:

[www.hud.gov](http://www.hud.gov). Before calling your lender be prepared with documentation that may be required. Take the time to put together a comprehensive package of information for the lender. It is time consuming to gather the information, but if you are serious about saving your house, get it all together as soon as possible. Generally, you should obtain copies of the following documents and have them ready to discuss with your lender: purchase and sale agreement; escrow documents; loan document for the loan in default or going in default; past 3 months bank statements; lender payoff statement; 3 months most recent pay stubs; 2 years W-2s; 2 years tax returns (Federal); current mortgage statement; financial statements if you have any; all recent bills and payments; hardship letter; any credit counseling letters you have; proof of taxes and insurance paid; all documents received regarding home in default; and all notices received from lender/servicer.

4. Bring in the Attorney. If all else fails, it is time to consult a reputable attorney. An attorney may find something else wrong with the loan that you didn't see. An attorney can also tell you if you are a candidate for a bankruptcy. Be prepared - despite all you've done, you may not be able to save your house! Your attorney may advise you to stay in the house as long as possible and save up your rent if you have not been paying it to the lender and the lender is engaging in a workout with you. If you don't like the lender's solution, take your money and move somewhere else.

Attempting to save your home is very trying and stressful. However, by following what I have outlined above for you, you may be able to minimize the experience.

Copyright © 2009 [Frank D. Granato](#). All rights reserved. No portion of this article may be reproduced without the express written permission of the copyright holder unless credit is attributed to the author.