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# How to Avoid Mortgage Default



*Advice for Washington  
State homeowners at risk  
of home foreclosure*

Missed a mortgage  
payment? Worried  
you'll fall behind soon?

What to do & where  
to turn, inside...

**Mortgage Counseling at Solid Ground**  
Solid Ground is a HUD-approved housing counseling agency serving Washington State homeowners. We offer information to households at risk of losing their housing. Counselors help homeowners negotiate with lenders to try to avoid foreclosure, give referrals to community resources, and help households create budgets.

If you have questions, contact Solid Ground's or HUD's Mortgage Counseling hotlines. A Housing Counselor can provide FREE services to help you work with your lender and possibly avoid foreclosure. The sooner you take action, the more options you'll have.

***When in doubt, call a Housing Counselor!***

## Solid Ground's Mortgage Hotline:

Phone: 206.694.6766 or  
1.866.297.4300 (toll free)

Hours: M, W, Th, 10:30am-4:30pm  
[www.solid-ground.org](http://www.solid-ground.org)

## HUD Housing Counselors:

To find a counselor in your area, call:  
1.800.569.4287  
or visit [www.hud.gov](http://www.hud.gov)

# Six things to do if you might miss a mortgage payment

Good credit can bring long-term financial stability. Your home and equity are likely your most valuable assets — so do everything you can to protect them. If you think you may miss a mortgage payment...

## 1) Take action right away

Contact your lender. Don't assume they will accept a payment if you are behind; it may be returned — or held but unapplied — if it doesn't cover the full amount you owe. Be prepared to explain how you fell behind. Also, your lender may not be able to help you right away. Your options will depend on your loan type, how much you owe, your income, and what caused you to fall behind. Take notes about conversations with your lender. Only make promises you can keep; your lender may not work with you in the future if you can't keep your word.

## 2) Know your budget, prioritize debts

Paying your mortgage should be your top priority. Save as much as possible, even if you can't make a full payment. Then pay for utilities and food, followed by other "secured" debt such as car loans. Pay "unsecured debt," like credit cards, last. Your budget is one of the main screening

tools lenders use to see if they can work with you. It's important to have an accurate, realistic budget, so don't guess — and put it in writing before you call the lender. Lenders may require you to submit a written budget, income tax returns, bank statements and/or pay stubs.

## 3) Have a backup plan

Explore options to decrease expenses and increase income, such as an additional job, a tenant, selling possessions, and community resources. You may have to temporarily cut back on things like internet and cable.

## 4) Understand the foreclosure process

Lenders' actions are covered by the Washington State Deed of Trust Act. In WA, foreclosures take place through notices served to homeowners. Foreclosure takes a *minimum* of 190 days from the first day you miss a payment until the day your house can be sold at auction. In other words, don't panic. You have some time to try to work things out. Here are some important dates:

- 30-90 days late: *Notice of Default can be issued*
- 30 days after NoD: *Notice of Sale can be issued*
- 90 days after NoS: *Sale date can occur*
- 11 days before sale date: *Last day to cure default*
- 5 days before sale date: *Last day to stop sale through court action (i.e., bankruptcy)*

## 5) Options for working with your lender

Workout options require a down payment, typically at least 30%-50% of what is owed. Some options a lender may consider include:

- Repayment plan
- Loan modification (changing terms of current loan to absorb back payments)
- Partial claim (for FHA loans)
- Servicemembers Civil Relief Act (in situations where military service affects your ability to pay)

If keeping your home isn't an option, you might be able to avoid foreclosure by selling it at market value (or less, with lender approval), or surrendering your home and all of the interest in it back to your lender.

## 6) Avoid predatory loans & foreclosure rescue scams

An offer to get you out of a difficult financial situation may sound appealing, especially when you are emotionally attached to your house. Unfortunately, there are people who will prey on you because of this. Carefully weigh the costs and benefits of refinancing. Be wary of anyone who is pressuring you to sign documents. Never sign incomplete documents, for any reason. Look out for loan terms, fees, payments and interest rates that differ greatly from a good faith estimate.