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Homeowner Checklist for Avoiding Foreclosure

You may not be having financial trouble now, but many people do have money problems at some point in their lives. This checklist is not comprehensive and is not intended to provide legal advice. If you need legal advice, you should speak with a lawyer. The best way to avoid foreclosure is to make your mortgage the first bill that you pay each month. However, that is not always possible. The following information provides general suggestions and ideas as to how you can prepare for and work through tough times.

Before Trouble Starts

- Start a file, in a safe place, for records relating to your home
 - Purchase and sale agreement
 - Mortgage application
 - Closing documents
 - Property tax bills
 - Property insurance information
 - Letters you receive from and copies of letters you mail to the bank

- Use checks, money orders or automatic withdrawal to pay bills
 - Do not send cash
 - Do not use credit cards
 - Keep a record of all payments (date paid and check number)
 - Correct errors quickly

- Pay high priority bills first
 - Food
 - Mortgage
 - Utilities (heat, hot water, electricity, gas)
 - Do **not** pay credit cards or other unsecured debts **before** the mortgage

When Things Start to Feel Tight

- Where is the Money Going?
 - Write down every cent you spend
 - Create a budget that shows your current income and expenses
 - Review every item on your budget
 - Prepare a revised, realistic budget that you can live with until your circumstances improve

- Increase Your Income
 - Collect federal and state benefits if you are eligible
 - Claim the earned income tax credit if you are eligible
 - Stop all voluntary deductions being taken out of your paycheck
 - Consider selling unnecessary property to raise money

- Reduce Your Expenses
 - Review every expense for potential savings – reduce or eliminate unnecessary expenses
 - Pay only for the type of phone service you need (cancel cell phones)
 - Cancel cable or satellite television service temporarily
 - Identify ways to conserve on energy and other utilities
 - Participate in a home weatherization program
 - Review your homeowner's and auto insurance policies and shop around

- Other Considerations
 - Contact your mortgage servicer at the first sign of trouble
 - Ask your utility company for budget billing so you can pay the same amount each month
 - If you are behind on your utility bills, start an affordable repayment plan

After Falling Behind

- Identify the Problem
 - What caused your current situation (job loss, illness, divorce, decreased income)
 - How long do you expect your difficulty to last
 - What specific type of help do you need
 - How much can you afford to pay toward your mortgage

- Communicate
 - Speak with your bank's delinquent loan or loss mitigation specialist
 - Explain your situation
 - Ask for a mortgage workout package
 - Keep a phone log that shows the date and time of your call, who you spoke to, the person's phone number and what was said
 - Follow up your phone call with a letter and keep a copy for yourself
 - Send all letters by certified mail and keep the receipt

- Pay What You Can and Save the Rest
 - Send to the bank as much of the mortgage payment as possible
 - If the bank returns your payment, save the money – **do not spend it** on other bills

- Know Your Options
 - There are many ways the bank can help you if you fall behind on your mortgage. Which one you choose/need and what the bank allows will depend on your individual situation.