

Avoiding foreclosure

What every homeowner should know



No one buys a home hoping to get behind on payments and have the bank foreclose on it. Here are a few tips to avoid this problem altogether, and what to do if it does occur.

Don't set yourself up for failure

There are two main ways to avoid foreclosure:

- **Don't put yourself in a situation where you won't be able to afford your mortgage.** Know how much you can really afford before you start shopping for a home and stick to that price range. Often, people over-extend themselves financially when in reality they don't and won't have the means to pay their mortgage payment. Just because the mortgage lender approves you for a loan at a certain amount doesn't mean you can actually afford the payments on that loan.
- **Understand your loan.** Many people get into trouble because they don't understand their responsibilities regarding their home loan. There are many types of loans where the payments for the first year or first few years are much lower than the amount you will pay in the following years. Talk with your lender about various loans and make sure you understand how much your payment will be at the beginning as well as what your payment might be in the future.

What to do if you think you're heading toward foreclosure

Do not be embarrassed. Instead, contact your lender as soon as you're aware that your payment will be late. Also, never ignore your lender's phone calls or letters. If you act uninterested in the fate of your home, your lender will be less willing to work with you in remedying the problem.

If you don't want to speak to your lender first, you can contact a HUD-approved counseling agency that will work with you and your lender to negotiate a repayment plan. You can call 800/569-4287 for the counseling agency nearest you.

Another source, the National Foundation for Credit Counseling, can help you locate a nonprofit agency that could help you reduce your monthly payments by lowering interest rates or extending repayment periods. Stay away from companies that promise you swift, effortless results by paying them a large fee—this is usually evidence of a scam.

You can also speak to your Texas REALTOR®. Your REALTOR® understands the entire homebuying process and can discuss options available to you.

For more information about Texas REALTORS® or buying or selling a home in Texas, visit TexasRealEstate.com.