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How to Save Your Home from Foreclosure a Sub-Prime Mortgage Meltdown Survival Guide

Many people faced with a possible mortgage foreclosure give up all hope, even if they have been victimized by unscrupulous lenders, mortgage brokers, or family members. Others fall victim to further scams by companies who claim they can stop a foreclosure. However, there are legitimate, legal ways to avoid a foreclosure or to save some – or all – of the equity in your home:

- Errors or unscrupulous practices by your lender may allow you to rescind and to refinance the mortgage on affordable terms. In some cases, you may be entitled to monetary damages.
- Many lenders will work with a H.U.D. certified counselor to attempt a loan modification.
- “Junior” lenders (lenders other than the first mortgage) may suspend payments rather than having to foreclose if they are contacted early enough and there is a real possibility that they will be paid in the future.
- Bankruptcy may permit you to cure a default and to enter into a payment plan.
- “Short sales” or a “deed-in-lieu of foreclosure” may stop collection efforts and allow you to leave your home gracefully.
- In extreme cases, the best thing to do may be to stop making payments, forcing the lender to foreclose. This process may take months, allowing you to stay in your home.

Only a qualified attorney, H.U.D. counselor, or legal clinic affiliated with a bar association or law school can help you with determining which course of action is best for you.

The most important thing to do is to act promptly. The more communication you have with your lenders, and the earlier you act, the more options you have to save your home. This means you must:

- Open your mail. It is hard to read a Notice of Default or a Notice of Sale, but you cannot ignore them.
- Immediately contact a reputable attorney, H.U.D. counselor, bar association, or elder law clinic for help. H.U.D. counselors or legal clinics may be able to help you free of charge.
- Avoid anyone who solicits you with claims that they can save your home from foreclosure.
- Collect all the information you have about your loan including your loan papers, notices from your lender, correspondence, and notes you have made about your loan.
- Collect all the information you have about your income, assets, and liabilities. This will permit your advisors to determine whether you can afford to keep your home.

Not everyone will be able to save their home from foreclosure. However, if there is a chance, following these simple steps may be the difference between keeping or losing your home.