

# 5 Steps to Take If You're Behind on Your Mortgage



If you are behind on your mortgage, you're not alone. Thousands of homeowners in the Puget Sound area have missed mortgage payments and are struggling with financial challenges. The good news is that federal and local agencies, even banks, are working to help those who are behind on their mortgages from going into foreclosure.

If you are behind on your mortgage, here are 5 things you can do.

## 1) Call your lender as soon as possible.

As uncomfortable as that call can be, the problem will not go away by avoiding your lender. If you are having trouble making your payments, the sooner you contact your lender, the more options you will have. Some homeowners

postpone communicating with their lender for so long, that foreclosure becomes the only option. Don't let that happen to you.

## 2) Talk to a housing counselor.

The U.S. Department of Housing and Urban Development (HUD) has a list of approved nonprofit housing counselors who will provide free counseling for homeowners who are behind on their mortgages. They'll go over options and suggest next steps. Call HUD at 888-995-4673 or [visit the HUD site to find a counselor in your area.](#)

## 3) See if you can lower your mortgage payment.

You might be able to refinance or do a loan modification to make your monthly payment more affordable. There are a number of programs available depending on your circumstances. A HUD housing counselor or your lender can help you explore your options.

## 4) Find out if you qualify for a short sale.

A short sale is an alternative to foreclosure when a homeowner needs to sell and can no longer afford to make mortgage payments. The lender agrees to accept less than the amount owed to pay off a loan, rather than going forward with a lengthy and costly foreclosure process.

Although every homeowner's situation is unique, the basic criteria for qualifying for a short sale are:

- You need to sell your home.
- You owe more on your mortgage than your home is worth.

- You have a personal financial hardship that will prevent you from making future payments. (Examples of hardship include loss of job, divorce, death of a spouse and medical emergency or illness.)

In most instances, a short sale makes more sense than foreclosure. In general, when you want to obtain a loan to purchase a property in the future, more opportunities will be available to you if you do a short sale. [Find out more about how short sales work.](#)

### **5) See if you qualify for cash incentives tied to a short sale.**

Several programs offer cash incentives to homeowners to do a short sale in order to avoid foreclosure.

The federal government's [Home Affordable Foreclosure Alternatives](#) (HAFA) program might provide \$3,000 in relocation assistance to homeowners who do short sales.

Lenders, including Chase and Bank of America, have paid [significant cash incentives to encourage sellers to do a short sale and avoid foreclosure](#). In the past few months, we have had homeowners receive checks from their lender at closing in amounts that range up to \$35,000. And these large incentives are not restricted to owners of high-end properties. The owner of a short sale property that recently sold for \$164,000 received a check for \$25,000. The checks are given for relocation assistance and can be used however the homeowner sees fit. There are no restrictions.

It's important to note that the seller incentive is determined by the investor, so not every lender is paying incentives. However, if you are considering a short sale, it's a good time to find out if you qualify.

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