

## Loss Mitigation Relief Options

### **\*Special Forbearance**

Your lender may be able to arrange a repayment plan based on your financial situation and may even provide for a temporary reduction or suspension of your payments. You may qualify for this if you have recently experienced a reduction in income or an increase in living expenses. You must have also furnished information to your lender to show that you would be able to meet the requirements of the new payment plan.

### **\*Partial Claim**

Your lender may be able to work with you to obtain a one-time payment from the FHA-Insurance fund to bring your mortgage current

→**You may qualify if:**

- Your loan is at least 4 months delinquent but no more than 12 months delinquent.
- You are able to begin making full mortgage payments.

When your lender files a Partial Claim, the U.S. Department of Housing and Development will pay your lender the amount necessary to bring your mortgage current. You must execute a Promissory Note, and a Lien will be placed on your property until the Promissory Note is paid in full. The Promissory Note is interest-free and is due when you pay off the first mortgage or when you sell the property.

### **\*Pre-foreclosure sale**

This will allow you to avoid foreclosure by selling your property for an amount less than the amount necessary to pay off your mortgage loan.

→**You may qualify if:**

- The loan is at least 2 months delinquent
- You are able to sell your house within 3 to 5 months
- A new appraisal (that your lender will obtain) shows that the value of your home meets HUD program guidelines.

### **\*Deed-in-lieu of foreclosure**

As a last resort, you may be able to voluntarily “give back” your property to the lender. This won’t save your house, but it is not as damaging to your credit rating as a foreclosure.

→**You can qualify if:**

- You are in default and don’t qualify for any of the other options.
- Your attempts at selling the house before foreclosure were unsuccessful.
- You don’t have another FHA mortgage in default.