

I. LET FORECLOSURE HAPPEN

Letting foreclosure happen should be a decision about what is possible in your situation and what is best for you and your family. Do this if you have explored all options and agree that this is the only or best option for you and your family. If you let foreclosure happen simply because you do not know what to do or are afraid of making contact with your lender, **YOU NEED TO FACE YOUR SITUATION AND GET HELP**. There are many options available to you, and letting foreclosure happen is a last resort.

If you cannot keep the house and have not had success selling it or negotiating with the lender for a deed in lieu of foreclosure, your decision is about when to leave: either immediately or near the end of the redemption period. For most people, the redemption period is six months from the date of the Sheriff's sale.

A. Staying in your home until the redemption period ends.

Go back to your budget. Without the house payment, look at your income minus expenses. What money do you have to work with for your next living situation?

Ask yourself these questions:

1. Will you be better off moving quickly because the cost of rent, utilities, and renter's insurance will be less than the monthly upkeep of the house you must leave?
2. By moving early in the redemption period, are you facing reality and the need to start over?
3. Will you be better off staying because you can save money for the first month's rent, security deposit, and moving expenses?
4. Will staying give you more time to look for new housing and to sell items?
5. Will staying in the house prevent you from taking the steps to face the reality of losing your home?

B. Life after foreclosure

A financial crisis is a very stressful time, but you are not your house. You can start over and have a good life. Have hope!

1. It is best to spend less than 30% of your monthly gross income on rent.
2. So not rent a storage unit. Recovering from a crisis takes time and finances will be tight. Many people end up losing their personal possessions they store due to non-payment on the storage unit. Sell your possessions or store at a friend or relative's home for free. Concentrate on the essentials!
3. Take a money management class. **USE A BUDGET!** Spend less than you earn.
4. Get renter's insurance and car insurance. Search for affordable health and dental insurance. Insurance protects you from going backwards.
5. Limit junk mail so you aren't overwhelmed by credit card and other loan offers. The maximum amount of debt you should have (not counting a mortgage) is 11% of your income. Do not go overboard! The Fair Credit Reporting Act provides that all consumers can opt out of pre-approved offers. To be added to the National No Call List call 1-888-834-9969
6. A lender will consider you for a mortgage two to four years after a foreclosure if you have steady employment, modest debt and a good payment history during the time between the foreclosure and the new mortgage application. You will qualify for first time homebuyer programs after three years of not owning a home.
7. Make an appointment with a housing counselor to discuss next steps after a foreclosure.