



LOAN SOLUTIONS

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Explore Loan Workout Solutions with Your Lender

First and foremost, if you can keep your mortgage current, do so. But if you find you are unable to make your mortgage payments, you might qualify for a loan workout option. Check with your lender to see which option may be available. Some options may not apply to your loan if it is not insured by FHA.

If your problem is temporary - call your lender to discuss these possibilities:

Reinstatement: Your lender is always willing to discuss accepting the total amount owed in a lump sum by a specific date. Forbearance may accompany this option.

Forbearance: Your lender may allow you to reduce or suspend payments for a short period of time and then agree to another option to bring your loan current. A forbearance option is often combined with a reinstatement when you know you will have enough money to bring the account current at a specific time. The money might come from a hiring bonus, investment, insurance settlement, or tax refund.

Repayment plan: You may be able to get an agreement to resume making your regular monthly payments, plus a portion of the past due payments each month until you are caught up.

If it appears that your situation is long-term or will permanently affect your ability to bring your account current - call your lender to discuss options:

Mortgage modification: If you can make payments on your loan, but don't have enough money to bring your account current or you can't afford your current payment, your lender may be able to change the terms of your original loan to make the payments more affordable. Your loan could be permanently changed in one or more of the following ways:

- Adding the missed payments to the existing loan balance.
- Changing the interest rate, including making an adjustable rate into a fixed rate.
- Extending the number of years you have to repay.

Partial Claim: If your mortgage is insured, your lender might help you get a one-time interest-free loan from your mortgage guarantor to bring your account current. You may be allowed to wait several years before repaying this loan. You qualify for an FHA partial claim if:

- Your loan is between 4 and 12 months delinquent.
- You are able to begin making full mortgage payments again.

When your lender files a partial claim, HUD will pay your lender the amount necessary to bring your mortgage current. You must sign 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.