



Home Preservation


Planning Ahead to Avoid Losing
Your Home



THE UNIVERSITY OF GEORGIA

COOPERATIVE EXTENSION

Colleges of Agricultural and Environmental Sciences & Family and Consumer Sciences





What happens when you miss a house payment?

- ❖ On the 16th day of the month your house payment is late
- ❖ You are a month late on the 1st day of the following month
- ❖ Foreclosure proceedings can begin when your payments fall 90 days behind





What is a Foreclosure?

- ❖ Proceeding that occurs when a property is sold to satisfy an unpaid debt.
 - Generally a home mortgage, but may be for taxes, mechanics liens, condo fees, home repairs or home equity loan
- ❖ In Georgia foreclosure sales occur on the first Tuesday in every month on the county courthouse steps.





Early Warning Signs

❖ Life Changes

- Decrease in income (loss of job; wage reduction)
- Major illness or injury
- Marital problems
- Death of spouse or other family member

❖ Financial Issues

- Increase in house payment (interest rate rises)
- Maxing out credit cards
- Using credit for daily expenses
- Unable to pay bills on time
- Paying only the minimum credit card payments
- Rolling credit card balances from one card to another





Preserving Home Ownership

Do

- ❖ Talk to the lender
- ❖ Open letters and notices from the lender
- ❖ Beware of anything that sounds too good to be true
- ❖ Consider your options
- ❖ Be realistic about your situation

Don't

- ❖ Ignore the problem
- ❖ Sign anything you don't understand
- ❖ Move out of your house and ignore the lender
- ❖ Let anyone assume your loan without you first being formally released from liability






Steps to Avoid Losing Your Home to Foreclosure

1. Acknowledge that there is a problem
2. Identify the problem
3. Evaluate your options
4. Take Action
 - Prioritize & reduce your expenses
 - Evaluate your income
 - Seek help





Step 1: Acknowledge that there is a problem

- ❖ Communicate with your lender
 - Answer the phone
 - Read your mail
- ❖ Contact your lender when you can't make your full mortgage payment
- ❖ Be polite





Step 2: Identify the Problem

- ❖ Change in income
 - Job loss or loss of overtime
- ❖ Rising Prices
 - Gas, Food, Heating fuel, etc.
 - Mortgage payment (interest rate, taxes, insurance)
- ❖ Change in family status
 - Divorce, Separation, Death
- ❖ Increase in debt
 - Medical Bills, Credit cards, etc.
 - Poor money management





Step 3: Evaluate your Options

- ❖ Do you have BOTH the willingness and ability to maintain your housing situation?
- ❖ Willingness
 - Desire to remain in your home
- ❖ Ability
 - Financial resources





Step 4: Take Action

- ❖ Prioritize your budget
- ❖ Reduce your expenses
- ❖ Evaluate your income
- ❖ Seek help





Prioritize Your Budget

❖ First Priorities

- Housing (*mortgage and equity line of credit*)
- Food
- Prescriptions or required medications

❖ Second Priorities

- Utilities (*gas, electricity, propane, water*)
- Transportation (*auto loan, gasoline, maintenance*)
- Insurance (*home and auto*)

❖ Third Priorities

- Credit card payments
- Loans and finance companies
- Medical bills
- Personal loans





Reduce Your Expenses

- ❖ Heating & Cooling
 - Summer: set thermostat at 78
 - Winter: set thermostat at 68
- ❖ Water Heater – Set at 120 degrees
- ❖ Turn off everything when not in use
- ❖ Shop for Insurance
- ❖ Reduce Telephone Services
 - Do you need all of your phones?
 - Cancel “extras” (call waiting; caller ID; call forwarding; long distance; 3-way calling; text messaging)





More Ways to Reduce Your Expenses

- ❖ Eliminate or downgrade cable or satellite
- ❖ Use the library instead of buying DVDs, CDs & books
- ❖ Cancel credit cards with annual fees
- ❖ Buy used products
- ❖ Buy only what you NEED
- ❖ Write down every dime you spend
- ❖ Stay home, you will spend less





Reduce Expenses: Change Your Habits

| | <u>Estimated Savings</u> | |
|----------------------------|--------------------------|---------------|
| ❖ Give up designer coffee | ❖ \$520 * | (\$2/cup) |
| ❖ Quit smoking | ❖ \$1,657 ** | (\$4.54/pack) |
| ❖ Don't drink alcohol | ❖ \$1,095 ** | (\$3/drink) |
| ❖ No bottled water | ❖ \$365 ** | (\$1/bottle) |
| ❖ Boycott vending machines | ❖ \$260 * | (\$1/snack) |
| ❖ Stop eating out | ❖ \$2,080 * | (\$8/lunch) |
| ❖ Manicures | ❖ \$1,040 | (\$20/week) |

* Based on 260 work days

** Based on 365 days





Can you increase your income?

❖ Change or add a job

- Increase work hours
- Get a better paying job
- Take a part-time job

❖ Think outside the box

- Deliver papers
- Offer fix-it services
- Pet sit or House sit
- Tutor
- Rent a room in your home

Focus on what you do best
Consult
Translate
Set up a home-based business





More Ways to Increase Your Income

- ❖ Quick fix – Sell something
 - Hold a Gigantic Garage Sale
 - Sell some of your “stuff” at a Flea market or Consignment store
 - Sell one of your “collections”
 - Sell items online (*e.g.* ebay, craigslist)





Seek Help

- ❖ Talk to a HUD approved housing counseling agency
- ❖ Ask for help in developing an action plan to bring your mortgage current
- ❖ Talk with the lender
- ❖ Deal honestly - don't make promises you know you cannot keep






Other Resources

- ❖ Unemployment Benefits
- ❖ Food stamps & food banks
- ❖ Medicaid
- ❖ LIHEAP (Low Income Home Energy Assistance Program)
- ❖ Community organizations
- ❖ Faith-based groups
- ❖ Local government





If you need additional help contact:

- ❖ U.S. Dept. of Housing & Urban Development (HUD)
 - <http://www.hud.gov/>
 - (800) 225 – 5342
 - HUD-approved Housing Counseling Agency
 - UGA Cooperative Extension (not all offices)
- ❖ HOPE NOW
 - <http://www.hopenow.com/>
 - (888) 995 - HOPE





Be Realistic

You will have to make sacrifices if
you want to save your home



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