

## Options

*Options may be available to borrowers who cannot afford their mortgage payments and wish to avoid foreclosure, as well as instructions to borrowers advising them on steps to explore those options.*

### Homeowner Assistance Fund (HAF)

*An option that allows you to stay in your home.*

The Homeowner Assistance Fund (HAF) is a federal assistance program that helps homeowners financially impacted by COVID-19 pay their mortgage or other home expenses. For further information:

- Consumer Financial Protection Bureau (CFPB), [Homeowner's Assistance Fund](#) site
- State-by-state information on HAF programs in your state, [National Council of State Housing Agencies \(NCSHA\)](#)
- American Indian, Alaska Native, and Native Hawaiian homeowners, [Tribal Housing Assistance Resource Hub \(NAIHC\)](#)

### Forbearance

*An option that allows you to stay in your home.*

**What is it?** Most often used in times of temporary hardship, like unemployment, a forbearance plan suspends or reduces your regular monthly mortgage payment for a specific period.

#### How might it help?

- It may help address short-term financial challenges.
- It may help you avoid foreclosure and mitigate negative credit in the future.

#### Things to Consider

- Although payments may be temporarily suspended, they are not forgiven. Instead, they accrue and become due at the end of the forbearance period.
- If your financial hardship continues at the end of the forbearance period, we'll work with you again to explore available options.

### Repayment Plan

*An option that allows you to stay in your home.*

**What is it?** A repayment plan is typically used if you fall behind on payments due to a temporary hardship but are now in a better position financially. Missed payments are divided into manageable amounts and spread out over time.

#### How might it help?

- It may be less damaging to your credit score than a foreclosure sale.
- Avoids longer-term effects by helping you catch up as soon as possible.

**Things to Consider**

- Be aware that payments during the repayment period may be much higher than your regular payment amount.
- Your income will need to support those payments before starting your plan.

**Loan Modification**

*An option that allows you to stay in your home.*

**What is it?** Primarily used for significant, longer-term financial hardships, a loan modification may change specific terms of your loan to help make your payments or terms more manageable. There are multiple loan modification programs – we'll work with you to determine available options.

**How might it help?**

- Helps you keep your home and avoid a foreclosure sale.
- Your modified monthly payment may be reduced depending on your financial situation and hardship.
- It may be less damaging to your credit score than a foreclosure sale.

**Things to Consider**

- We may be able to postpone a foreclosure sale while we review your information; however, we must receive your documents more than 37 days before the scheduled foreclosure sale.
- A clear title to the property is required, so you may need to address any additional liens separate from your first mortgage.

**Short sale**

*Permanent options that require leaving the home*

**What is it?** A short sale allows you to sell your home for less than you owe on the mortgage and may release you from having to repay the remaining balance. We work closely with you and your real estate agent to determine the value of your home, list price, and time needed to sell your property.

**How might it help?**

- It may help avoid a foreclosure sale, even if that process has already started.
- You can stay in your home until the new owner closes, giving you time to make other living arrangements.
- You pay no out-of-pocket fees at closing because the transaction covers closing costs and agent fees.

**Things to Consider**

- The home buyer cannot have a business or personal relationship with you – no friends or family.
- You may have to pay the remaining mortgage amount. If you don't have to pay, there may be tax impacts.
- A short sale is a complex transaction with tax and legal implications. Be sure to consult a tax and/or legal advisor.

## Deed-in-lieu

*Permanent options that require leaving the home*

**What is it?** A deed-in-lieu of foreclosure allows you to transfer ownership of your home to the lender voluntarily and may release you from having to repay the remaining mortgage balance

### **How might it help?**

- You pay no fees.
- It may help avoid a foreclosure sale, even if that process has already started.
- In most cases, you don't have to try selling the home yourself before becoming eligible.

### **Things to Consider**

- You may have to pay the remaining mortgage amount. If you don't have to pay, there may be tax impacts.
- You may need to address any home equity financing or additional liens on the property separately from your first mortgage.
- Consult a tax and/or legal advisor about all possible implications.

## Documents

*List of documents borrowers should collect (if applicable to your situation) to be prepared to present to the mortgage servicer when discussing options for avoiding foreclosure.*

## Hardship Explanation

You may need to explain in a letter why you're having trouble paying your mortgage. You may be asked to provide this information if you can't pay your loan due to:

- Illness
- Job loss
- Reduced income
- Overextended credit usage

The letter should also explain:

- The steps you've taken to avoid defaulting on your loan, such as cutting expenses or using savings
- The relief you're requesting, such as a lower interest rate or reduced principal amount

## Income Verification

- 1099s (IRS Form 1099)
- Federal Tax Return (IRS Form 1040/1040EZ)
- Tax Return Information Consent Form (IRS Form 4506-C)
- *W-2s verifies wages paid and taxes withheld by your employer for the previous calendar year*
- *W-8s verifies you are a nonresident alien who is exempt from certain withholding taxes on corporate dividends*
- Financial Statements
- Pay Stub
- Rental and Lease Income
- Benefits Letters
- Canceled Checks
- Child Support
- Contribution Letter (Non-Borrower Financial Contribution)
- Foster Care Contract
- Gift Funds (Gift Letter)
- Guardianship (Conservator Agreement)

## Assets and Liabilities

- Bank/Asset Statements
- Bill of Sale (Sales Contract) (Conveyance Contract)
- Divorce Decree
- Household Expenses and Debts
- Payoff Statement
- Property Tax Statement
- Real Estate Schedule (Real Property Schedule) (REO) (Schedule of Real Estate Owned)
- Separation Agreement
- Trust Agreement

## Authorization and Certifications

- Attorney Consent Forms
- Borrower's Certification/Verification
- Home Equity Request for Restriction
- FHA Borrower and Non-Borrower Contributor Acknowledgment form
- Payment Assistance and Mortgage Assumption Terms Acknowledgment Form
- Personal Identification
- Power of Attorney (POA) Affidavit
- Proof of Occupancy
- Third-Party Authorization

## Mortgage Servicer Contact

*A toll-free telephone number for borrowers who wish to discuss options for avoiding foreclosure with their mortgage servicer.*

*Call 1.888.746.1117*

United States Department of Housing and Urban Development (HUD)

*The toll-free telephone number at HUD to find a HUD-certified housing counseling agency.*

*Call [1-800-569-4287](tel:1-800-569-4287) or check out [HUD's Guide to Avoiding Foreclosure](#).*