



Saving Your Home After Job Loss

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Most people who have lost their jobs immediately become afraid of lose their homes - and for good reason. After all, the stress of going foreclosure and being evicted from your home is an experience no one wants to have to endure. Plus, most homeowners view mortgage lenders as being unsympathetic to the plights of borrowers - they think that lenders prefer repossession over working with borrowers.

If you've lost your job, it's important to remember is that your lender will avoid repossessing your home if at all possible. Mortgage companies lose millions of dollars every year on foreclosures, because they can't get enough money from resale to cover the foreclosed mortgage notes. Also, mortgage companies incur thousands of dollars in expenses with each foreclosure. So it's in your lender's best interest to help you find a way to stay in your house.

As soon as you lose your job, it's important to contact your mortgage lender, even if you haven't missed a payment yet. Being proactive scores quite a few points with mortgage companies, because they see that you are willing to work with them. They will give a borrower who stays in contact a lot more leeway than someone who ignores the problem.

If you're behind on your payments, mortgage companies will typically offer several options. You might be able to work out reduced payments for a few months until you find another job or other source of income. If you still won't be able to make the reduced payments, your lenders may be willing to agree to a forbearance plan. Usually, this means you'll be free from payments for a month or two, and then you might have a couple of months of reduced payments. Be cautious when opting for a forbearance plan, though, because there will probably be a large balloon payment at the end.

Lenders are also embracing the Home Affordable Modification plan that was enacted earlier this year. If you meet the requirements of the plan, your mortgage company will reduce your interest rate and/or extend the term of your loan to lower your payments. This is a great option if you are already a few months behind on your mortgage payment, because lenders will halt any foreclosure proceedings when you are approved for the modification.

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