

## **Tips on How to Cut Costs to Avoid Home Foreclosure**

Everyone comes upon hard times at some point in their life, but facing real estate foreclosure can seem especially stressful. No matter what event brought you to this state, it's important to take hold of the situation immediately and rein in your spending so you can attempt to stay current on your most important investment: your home.

Of course, you should reassess your family's budget and spending habits way before you are ever late on a bill; many are quite surprised to learn that even in the midst of foreclosure proceedings, they are able to come up with the funds to avoid losing their home. Start by gathering all of your bills and bank records, and determine what your starting balance of usable funds is. Prioritize your expenses and bills from most essential to least essential, with your mortgage being at the top.

Desperate times call for desperate measures, so don't expect this process to be easy. This could become the most important thing you do for your family in the long run, although it will be painful for a short while.

Tally up your grocery bills, mortgage and insurance premiums that are paid on a monthly basis. Now look at how much you spend on any type of food or drink away from home – you'd be surprised how quickly the \$1 hamburgers that provide a quick and easy lunch add up! These expenses can be immediately stopped, adding to your funds available to pay your mortgage.

Now look at things like dance lessons for the kids, entertainment costs, unsecured loan and credit card payments, gifts for others, clothing, Internet, cable and satellite bills. All of these things can be eliminated, at least for a short time to catch up on the important bills. You can also significantly lower your utilities by turning off the air conditioner and opening the windows instead for a few weeks.

If you have an emergency savings account or even a retirement account with sufficient funds to bring your mortgage out of foreclosure, now is the time to use it. Yes, this is an emergency situation that requires you to pull out all the stops. Do what is necessary to save your home from foreclosure first, and then work on paring down your monthly outlay to stay up to date.

Look at your mortgage account carefully. Do you have an escrow account that is making your payment unaffordable? If so, cancel it and the lender will send you a check for the balance of this account. This will require you to pay your own taxes and insurance in the future, but will give you a little extra capital to work with today.

Another option is to simply ask your lender if they can suspend your escrow account for a specified period of time. This is ideal if you fear you won't be able to afford the taxes and insurance when they come due, but also don't want to pay for them ahead of time.

Finally, ensure you maintaining an open line of communication with your lender so they know the efforts and changes you are making to fulfill your obligations with them.