

Foreclosure Processes and Remedies – What You Need To Know

Worrying about where your next mortgage payment is coming from can be extremely stressful and affect the entire family. Stress can negatively impact your health and everyday activities, and is easily experienced in today's market with lowered home values and increasing rates and mortgage payments.

If you find yourself facing foreclosure proceedings and the possibility of losing your home, it's important to remain informed about all recent legislation and local laws that affect your situation. Knowledge is the first line of defense, and is important when it comes to understanding the foreclosure process and how to prevent it. Following is some general information to start along the path of becoming informed and learning how to keep your home:

The Process of Foreclosure: What to Expect

State and local laws govern much of what happens during a bank foreclosure, and it will behoove you to become familiar with these. Start by visiting your local government's website or office and search for applicable laws which regulate the foreclosure process and outline your rights as a citizen.

Your original loan documents will also include language that legally outlines what actions must be taken by a lender before filing for a house foreclosure, and what options you may have. Read these very carefully and ensure you understand them and that your lender is following the guidelines in their collection efforts. If not, you may have legal claim to get them to stop all foreclosure proceedings against you.

Typically, when you first start falling behind on mortgage payments, your lender will start sending default letters asking for immediate payment on the account. This may go on for several months; increasing the amount you actually owe to come current on the loan. This is why waiting is never a good thing – you can easily find yourself in the midst of pre-foreclosure, or significantly behind on payments if you don't talk to your lender as soon as you get behind.

Your state will most likely require a court to supervise any foreclosure, also called a 'judicial foreclosure.' The lender will request a hearing, which becomes very time-consuming and expensive – this is why they will typically try to avoid this step and just collect directly from you.

Of course, you may also live in a state that allows 'non-judicial foreclosure.' If this is the case, your lender may foreclose and take possession without ever setting foot inside a courtroom. Your loan documents may include a clause called 'power of sale,' which essentially means that they may exercise a non-judicial foreclosure.

Every foreclosure is different when it comes to the amount of time it takes to become complete. It may take only a few months or as long as a few years – after the bank takes possession of the property, it could be auctioned off or listed on the local market of foreclosures for sale.

Preventing Foreclosure

Discovering a remedy for foreclosure is much more difficult than preventing it in the first place. The best way to prevent home foreclosure is to communicate your situation with your lender immediately when there is a problem. The entire process is very costly to them, and they will be more likely to negotiate terms of your contract as long as you maintain contact and give them information about your current financial status.