



Foreclosure

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Nobody likes foreclosures – not the borrower, not the bank.

- Being committed to long-term relationships, banks seek any and all alternatives to foreclosure before considering this option.

Banks support responsible homeownership.

- Banks aim to offer loans and products that make homeownership manageable for the borrower.
- Lending prudently to ensure a borrower can successfully make payments is not only good for the borrower, but also good for the bank and the community.

In circumstances where homeownership becomes too burdensome for some borrowers, foreclosure can be the best solution.

- While modifications can help some, it is not a solution for every borrower, particularly those that have been unemployed or delinquent for a long period of time.
- Modifying the loan doesn't help when the borrower lacks income to make the payments.
- Foreclosing on the property and selling the home to new qualified owners can help the borrower find a more manageable housing solution and the investor recoup his or her funds.

Don't ignore a mortgage problem.

- The first step that borrowers should take if they can't make their payments is to talk to their banker.
- The government sponsors a number of mortgage assistance programs to assist homeowners at risk of foreclose, including programs to help modify or refinance a mortgage and programs to assist homeowners who have fallen behind in payments due to unemployment or a life emergency.

Mortgage relief scams designed to defraud struggling homeowners have become increasingly popular.

- Fraudsters advertise phony mortgage relief services to attract the attention of desperate homeowners, often promising to immediately stop foreclosure.
- These scams involve high-upfront fees, faulty loan agreements and rent-to-buy or buy-back schemes.
- Homeowners are advised to contact their lenders and lawyers before opting to use alternative mortgage relief services and report all illegitimate mortgage services.
 - Contact the [Federal Trade Commission](#) to report mortgage fraud.
 - Contact the [U.S. Department of Housing and Urban Development](#) to find legitimate housing counseling agencies.

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Sources:

Financial Stability, Making Home Affordable (October 2017). Retrieved from <https://www.treasury.gov/initiatives/financial-stability/TARP-Programs/housing/mha/Pages/default.aspx>