

# Indiana Legal Services, Inc

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## How Can I Avoid Foreclosure If I Am Behind In My Payments?

There are several things you can try to do to avoid foreclosure when you are behind in your mortgage payments:

- Talk to your lender and explain your financial situation. Your lender might agree to refinance your loan or help you get a different loan to get caught up on your payments. (The lender probably would rather help you stay in the house instead of filing a foreclosure case against you).
- Try to get caught up on your mortgage and any other required fees (late fees, interest, etc.). Look for ways to get help with getting caught up on your mortgage. You can try to borrow from family, and ask churches or local social service agencies for help.
- If you had a co-signer for your mortgage, make sure you tell the co-signer the problems you are having paying the mortgage. Maybe the co-signer can help you get caught up with your mortgage payments. The co-signer also needs to know about the problem, because if a foreclosure is filed, the co-signer will also be sued.
- Do you have PMI (Private Mortgage Insurance)? This is often required if you had a very small down payment for your home. The PMI might be able to help you get caught up on your mortgage by giving you an interest-free loan.
- Talk to a housing counseling agency. The counselor there can help you decide what options are available to you.
- You can try to sell your home to avoid foreclosure. If you can sell your home for what you owe, then the mortgage will be satisfied, and you will no longer face foreclosure. Your lender may agree to give you some time to try to sell your house before the lender files for foreclosure.
- Your lender might be willing to allow a buyer to assume your mortgage (instead of the buyer getting a new mortgage). You can talk to your lender about this possibility.
- If your home will not sell for enough to pay off the whole loan, your lender might agree to accept less than the full amount owed. (This is called a pre-foreclosure sale, or a short payoff).
- In some situations, you can do a "deed-in-lieu of foreclosure." This means that you will just give the property back to the lender and the lender will consider your mortgage paid in full. Your lender might require you to first try to sell the property for its fair market value.
- You can consider bankruptcy as an option. In some situations, filing bankruptcy can help you keep your home. Talk to a bankruptcy attorney to see if this is a possibility for you.

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