

## What are the warning signs of foreclosure?

Source: [http://www.freddiemac.com/corporate/buyown/english/avoiding\\_foreclosure/warning\\_signs.html](http://www.freddiemac.com/corporate/buyown/english/avoiding_foreclosure/warning_signs.html)

Unexpected life changes are often a contributing factor to foreclosure – especially those that impact your finances, such as:

- Loss of employment or reduction of hours
- Major illness or injury
- Divorce or separation
- Death of a spouse

What makes it so difficult to think about foreclosure during times of crisis is that you are so focused on the problem at hand and not likely to have the time or energy to think about how it could impact other aspects of your life. That is why a plan that was developed before any problem starts is the best protection.

If you have a "Plan B" in place, you won't have to organize your finances while you are stressed about finding a job or dealing with a major illness. The plan will already be done – you will need to just follow it.

### Financial warning signs

There may not be a major life change to signal potential trouble – you simply may be having a difficult time properly managing your finances. Don't be fooled into thinking your credit card problems won't affect your mortgage. It is important to realize that financial difficulties in one area can, and often do, spill over to other areas. These difficulties are all warning signs of financial problems that can lead to foreclosure on your home if you do not act quickly. They include:

- Maxing out credit cards
- Using credit to pay for day-to-day expenses, such as groceries, utilities, etc.
- Being unable to pay your bills on time
- Paying only the minimum amount on credit cards
- Applying for new credit cards after maxing out on existing ones
- Having to choose which bills to pay

Talk to a housing counselor immediately if you see these signs. You may be able to get your finances back on track before foreclosure becomes a reality. #

To locate a HUD-approved Housing Counseling Agency call (800) 569-4287.