

Module 9 Workbook

Behind on Your Mortgage? Avoiding Foreclosure

Warning signs, who to call, your options by loan type, the foreclosure timeline, and how to avoid rescue scams. Use this workbook with Module 9 online at yourmortgagetoolbox.com/learn/avoiding-foreclosure/ or in a class led by an instructor. Type into the shaded boxes on screen, or print it and write by hand.

Name

Date started

Instructor or class (if any)

If you are behind right now, do not wait to finish this workbook. Call the Homeowner's HOPE Hotline at **888-995-HOPE (4673)**. It is free, open 24 hours a day, and connects you with HUD-approved housing counselors.

How to use this workbook

1. Read or attend each lesson, then fill in the matching worksheet.
2. Use real numbers and dates from your own statements and letters. Nothing here is submitted anywhere. It stays with you.
3. Take the self-check quiz before checking answers online.
4. Finish with your action plan. Bring this workbook to your housing counselor.

Lessons in this module

Lesson	Topic	Worksheet	Done
9.1	Early warning signs and your first three calls	A. Risk check and call log	☐
9.2	Loss mitigation options	B. Options comparison	☐
9.3	What each loan type offers	C. My loan profile	☐
9.4	Timeline and legal protections	D. My timeline tracker	☐
9.5	Foreclosure rescue scams	E. Scam screen	☐
Quiz	Self-check (6 questions)	Page 7	☐

Educational use only. Your Mortgage Toolbox is not a lender, attorney or financial advisor. Foreclosure laws and servicer programs vary by state and loan type and change often. Confirm your situation with a HUD-approved housing counselor or a licensed attorney.

LESSON 9.1

Early Warning Signs and Your First Three Calls

The mistake that costs people their homes is not the missed payment. It is waiting. Servicers have more options for a borrower who is current or one payment behind than for one who is five behind.

Worksheet A: Risk check

Check every statement that is true for you today.

- ☐ I use credit cards or a payday loan to make the mortgage payment
- ☐ I have paid the mortgage late more than once in the last few months
- ☐ My taxes or insurance went up and my escrow payment is about to rise
- ☐ I have less than one month of expenses in savings and my income dropped
- ☐ My adjustable rate is about to reset
- ☐ I am choosing between the mortgage and food, medicine or utilities
- ☐ I have already missed one or more payments

Number of boxes checked

The main cause of my hardship

Is it temporary or permanent? Why?

Call log

Write down every call: the date, who you spoke with, and what they said. Ask for names and reference numbers.

Date	Who I called	Person and ref. no.	What was said or promised

Documents to gather

- ☐ Last two mortgage statements and my loan number
- ☐ Recent pay stubs or proof of unemployment, disability or other income
- ☐ Last two bank statements
- ☐ List of monthly expenses and debts
- ☐ Short written explanation of my hardship
- ☐ Every letter I have received from the servicer

LESSON 9.2

Loss Mitigation Options

Loss mitigation is the industry word for the ways a servicer can help a borrower who has fallen behind. Every option works better the earlier you ask. A servicer will rarely offer one on its own.

Worksheet B: Options comparison

When a servicer or counselor offers an option, write the answers here. Ask for everything in writing.

Option	Fits when
Forbearance	A hardship you expect to end. Payments reduced or paused. Missed amounts still owed.
Repayment plan	Income has recovered. Regular payment plus extra until caught up.
Reinstatement	You can pay the full past-due amount in one lump sum.
Payment deferral or partial claim	Past-due amount moved to a separate, usually zero-interest balance repaid at sale, refinance or payoff.
Loan modification	A hardship that is not going away. Rate, term or balance permanently changed.
Short sale	You cannot keep the home. Sell for less than owed with servicer approval.
Deed in lieu	You cannot keep the home. Hand the property back voluntarily.

Question	Option 1:	Option 2:
Option name		
My new monthly payment		
What I will owe at the end		
Effect on my credit		
How long it lasts		
Do I owe taxes on forgiven debt?		
Deadline to accept		

The key rule: ask early, send the documents they request on time, and keep proof that you sent them.

Lesson 9.2 notes and questions

LESSON 9.3

What Each Loan Type Offers

Government-backed loans have standard menus that servicers must follow. Conventional loans follow rules set by whoever owns the loan, usually Fannie Mae or Freddie Mac. Programs change, so confirm the current details.

Worksheet C: My loan profile

Servicer name (who I pay)

Servicer phone number

Loan number (last 4 digits only)

Monthly payment (principal, interest, taxes, insurance)

Number of payments I am behind

Total amount past due

Which type of loan do I have?

Check one	Loan type	Ask my servicer about
☐	FHA	Repayment plan, forbearance, partial claim, modification. One permanent retention option per 24 months in most cases.
☐	VA	VA Partial Claim Program (began June 2026, servicers still implementing). Also call VA at 877-827-3702.
☐	USDA	Forbearance, repayment plan, modification. Ask for the USDA options by name.
☐	Conventional	Forbearance, repayment plan, payment deferral, modification. Ask whether Fannie Mae or Freddie Mac owns the loan.
☐	I do not know	Check my closing documents or call my servicer and ask.

Questions to ask my servicer

- ☐ What options am I eligible for on my type of loan?
- ☐ What documents do you need from me, and by what date?
- ☐ Will you confirm in writing when my application is complete?
- ☐ Who is my single point of contact?
- ☐ Is a foreclosure sale scheduled or has a notice been sent?
- ☐ If I am denied, what is the reason, and how do I appeal?

Thinking of selling? Run your numbers in the Net Proceeds Calculator at yourmortgagetoolbox.com. Selling while you still have equity is often better than losing the home to foreclosure.

LESSON 9.4

The Foreclosure Timeline and Your Legal Protections

Federal servicing rules give most borrowers real protections, but only if you act inside the deadlines.

What federal rules generally provide (Regulation X)

Protection	What it means for me
120-day rule	A servicer generally cannot start a foreclosure until you are more than 120 days delinquent.
Dual tracking limits	A complete application more than 37 days before a sale generally must be evaluated before the sale moves forward.
Servicer timelines	Acknowledge in 5 business days. Evaluate a complete application within 30 days.
Right to appeal	Applied at least 90 days before a sale and denied a modification? You generally can appeal.

Texas non-judicial foreclosure: usual steps

Step	Timing
Notice of default (certified mail)	At least 20 days to cure
Notice of sale	At least 21 days before the sale
Sale at the county courthouse	First Tuesday of the month, between 10 a.m. and 4 p.m.

Other states differ, and some require a court process. Ask a counselor or attorney how your state works.

Worksheet D: My timeline tracker

Event	Date	Deadline or next step
First missed payment		
30 days past due		
Date I contacted my servicer		
Date I contacted a HUD counselor		
Date I submitted my application		
Date servicer said it was complete		
Notice of default received		
Notice of sale received		
Sale date (if scheduled)		

A notice of default is not an eviction. Do not leave your home just because you received one. If the servicer is not following the rules, keep copies and file a complaint at consumerfinance.gov/complaint.

LESSON 9.5

Foreclosure Rescue Scams

Scammers read public foreclosure notices and go looking for the people named on them. They sound helpful. They are looking for your money or your deed.

Worksheet E: Scam screen

Someone has offered to help me. Check every statement that is true.

- ☐ They contacted me first, and I did not ask for their help
- ☐ They want money up front, before they have done anything
- ☐ They guarantee they can stop the foreclosure or lower my payment
- ☐ They told me to stop talking to my servicer, lawyer or counselor
- ☐ They want me to sign over the deed, with a promise I can rent and buy it back
- ☐ They want my mortgage payments sent to them instead of my servicer
- ☐ They want payment by wire, cashier's check or a payment app
- ☐ Their name sounds like a government agency or nonprofit
- ☐ They are pressuring me to sign today, or to sign without reading

If you checked even one box, stop. Call 888-995-HOPE (4673) before you sign or pay anything.

What to do instead

- ☐ I will work only with a HUD-approved counselor
- ☐ I will not sign anything I do not understand, and nothing that transfers ownership without an attorney
- ☐ I will send payments only to the servicer named on my statement
- ☐ I will report scams to reportfraud.ftc.gov and consumerfinance.gov/complaint

Who contacted me

Date and how

What they promised

Who I reported it to

Lesson 9.5 notes

Module 9 Quiz

Type the letter of your answer, or write it in by hand. Then check your results online at yourmortgagetoolbox.com/learn/avoiding-foreclosure/ or ask your instructor for the answer key.

1. You are worried about making next month's payment. What is the best first step?

My answer

- A. Wait and see whether things improve
- B. Call a HUD-approved housing counselor and your servicer now
- C. Stop opening mail from the servicer

2. Which option moves the past-due amount into a separate balance, often interest-free, repaid at sale or refinancing?

My answer

- A. Payment deferral or partial claim
- B. Short sale
- C. Deed in lieu of foreclosure

3. Under federal rules, a servicer generally cannot begin foreclosure until you are more than how many days delinquent?

My answer

- A. 30 days
- B. 60 days
- C. 120 days

4. A company offers to stop your foreclosure for a \$2,500 up-front fee and tells you to stop talking to your lender. This is:

My answer

- A. A common, legitimate service
- B. A red flag for a foreclosure rescue scam
- C. Only a concern if the company is not local

5. You receive a notice of default. What does it mean?

My answer

- A. You must move out immediately
- B. The process has started and a deadline is running, but you have not been evicted
- C. Nothing, it is only a formality

6. Which statement about loan modifications is most accurate?

My answer

- A. They are for short hardships and never change loan terms
- B. They permanently change loan terms and are meant for hardships that are not going away
- C. They erase the debt with no credit effect

My score (out of 6)

Topics I want to review

My Action Plan

Be specific: what, who, and by when. If you are behind now, the first line should be a phone call.

Today and this week

Next 30 days

If my situation does not improve

My Module 9 readiness check

- ☐ I know the HOPE Hotline number: 888-995-4673
- ☐ I know who my servicer is and how to reach loss mitigation
- ☐ I know which loan type I have
- ☐ I have gathered my documents
- ☐ I know the main options and which ones fit my situation
- ☐ I can name the red flags of a rescue scam
- ☐ I am keeping a written log of every call and letter

Questions for my housing counselor or attorney

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