

MORTGAGE WORKOUT OPTIONS (AT A GLANCE)

COMPARE 6 COMMON FORECLOSURE ALTERNATIVES

FORBEARANCE

Temporarily pause or reduce your payments
Used when experiencing a short-term hardship (job loss, illness, etc.)

- ✔ No permanent change to loan terms
- ⚠ Missed payments still must be repaid later

1

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2

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REPAYMENT PLAN

Catch up on missed payments gradually.
Adds portion of what owed to regular monthly payments.

- ✔ Keeps you on track
- ⚠ Budget must support higher temporary payment



3

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LOAN MODIFICATION

Permanently change loan terms to lower payment
May reduce your interest rate, extend the term, or rework the balance.

- ✔ Long-term solution
- ⚠ Requires paperwork and approval process



4

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PARTIAL CLAIM (FHA ONLY)

HUD pays your missed amount through a no-interest loan. No monthly payment on the partial claim — repaid when you refinance or sell

- ✔ Powerful tool for FHA borrowers
- ⚠ Only available under certain hardship criteria



5

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PRE-FORECLOSURE SALE

Sell the home for less than you owe, with servicer approval. Avoids foreclosure and may reduce credit damage

- ✔ May provide relocation assistance
- ⚠ Not a “keep the home” solution — but better than foreclosure



6

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DEED-IN-LIEU OF FORECLOSURE

Voluntarily transfer the home back to the lender. Stops foreclosure, ends mortgage obligation, may include cash assistance

- ✔ Alternative when sale isn't possible
- ⚠ Still impacts credit—but less than foreclosure

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