

Section VI: LIFE AFTER FORECLOSURE

A financial crisis is a very stressful time, but you are not your house. You can start over and have a good life. Have hope! Things to remember moving forward:

1. It is best to spend less than 30% of your monthly gross income on rent.
2. Do not rent a storage unit. Recovering from a crisis takes time and finances will be tight. Many people end up losing their personal possessions they store due to non-payment on the storage unit. Sell your possessions or store at a friend's or relative's home for free. Concentrate on the essentials!
3. Take a money management class. USE A BUDGET! Spend less than you earn.
4. Get renter's insurance and car insurance. Search for affordable health and dental insurance. Insurance protects you from going backwards.
5. Limit junk mail so you aren't overwhelmed by credit card and other loan offers. The maximum amount of debt you should have (not counting a mortgage) is 11% of your income. Do not go overboard! The Fair Credit Reporting Act provides that all consumers can opt out of pre-approved offers. To stop unwanted solicitation, call the National Opt Out line at 1-888-567-8688. This one call provides your request to three of the major credit bureaus and will remove your name and contact information from all pre-approved credit offers. To remove yourself from marketing lists, you can call the National Do Not Call List at 1-888-382-1222. The call must be made from the phone that will be excluded on the list.
6. A lender will consider you for a mortgage application three to five years after a foreclosure if you have steady employment, modest debt, and a good payment history during the time between the foreclosure and the new mortgage application. You could qualify for first time homebuyer programs after three years of not owning a home.
7. Make an appointment with a housing counselor to discuss next steps after a foreclosure.