



A HOMEOWNER'S GUIDE · NY · CT · NJ

Behind on Your Mortgage? Know Your Options.

A plain-English guide to the foreclosure process in New York, Connecticut and New Jersey, the options that can protect your credit and equity, and the free help available to you.



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You have more options than you think

Falling behind on a mortgage happens to good people: a job loss, illness, divorce, a death in the family or rising costs. The most important thing to know is that **time is on your side if you act early**. In New York, Connecticut and New Jersey, foreclosure goes through the courts, which takes time and includes protections for homeowners. The sooner you explore your options, the more of them you'll have.

What to do this week

- ✓ **Open every letter** from your lender and the court. Deadlines matter.
- ✓ **Call your loan servicer** and ask about hardship options. Write down who you spoke to and when.
- ✓ **Gather your documents:** mortgage statements, income, bank statements and a hardship letter explaining what happened.
- ✓ **Talk to a HUD-approved housing counselor.** It's free. Call (800) 569-4287 to find one near you.
- ✓ **Consult a real estate or foreclosure attorney,** especially if you've been served with court papers.
- ✓ **Know your numbers:** what your home is worth and what you owe. That determines which options are realistic.

Never ignore court papers. If you're served with a foreclosure summons and complaint, there is a deadline to respond. Contact an attorney right away. Free and low-cost legal help is available in all three states.

How foreclosure works in each state

New York, Connecticut and New Jersey all use **judicial foreclosure**, meaning the lender must file a lawsuit and a judge must approve the foreclosure. That process typically takes many months and often longer than a year, giving homeowners time to pursue alternatives.

New York

Lenders must generally send a **90-day pre-foreclosure notice** before filing on a home loan. Owner-occupied homes are entitled to **mandatory settlement conferences** in court, where you can negotiate with the lender.

Free help: NY Homeowner Protection Program hotline, (855) 466-3456.

Connecticut

Most foreclosures go through Superior Court, often as a **strict foreclosure**, where the court sets "law days" for the owner to redeem. The **Foreclosure Mediation Program** is available for many owner-occupied homes.

Assistance programs may be available through CHFA.

New Jersey

Lenders must send a **Notice of Intention to Foreclose** at least 30 days before filing. The **Foreclosure Mediation Program** lets eligible homeowners meet with their lender and a mediator.

A sheriff's sale is the final step, typically after judgment.

Typical stages

Stage	What happens	Your options are...
Missed payments	Late fees, calls and letters from the servicer.	Widest: reinstate, repayment plan, modification, refinance or sell.
Pre-foreclosure notice	Formal notice that the lender intends to foreclose.	Still wide. Act now and talk to a counselor.
Lawsuit filed	You're served with court papers; settlement conferences or mediation.	Narrowing. Get an attorney; a sale or short sale is still possible.
Judgment & sale date	The court enters judgment and schedules the sale.	Limited and time-sensitive. Some options may remain until the sale.

General information only. Procedures and timelines vary by county and case. Consult an attorney about your situation.

Ways to resolve it

Option	How it works	Best when
Reinstatement	Pay all missed payments, fees and costs in one lump sum.	The hardship is over and you have access to funds.
Repayment plan or forbearance	Catch up over time, or pause payments temporarily.	The hardship is temporary.
Loan modification	The lender changes your loan terms to make payments affordable.	You want to keep the home and have steady income.
Traditional sale	Sell the home, pay off the loan and keep any remaining equity.	You have equity and moving makes sense.
Short sale	The lender agrees to accept less than you owe so the home can be sold.	You owe more than the home is worth.
Deed in lieu	You transfer the home to the lender to satisfy the debt.	A sale isn't possible and the lender agrees.

Why selling before a foreclosure is completed can help

- ✓ **Protect your equity.** If your home is worth more than you owe, a sale lets you keep the difference instead of risking it at auction.
- ✓ **Limit credit damage.** A sale or short sale is generally less damaging than a completed foreclosure.
- ✓ **Control your timeline.** Choose your moving date instead of facing an auction deadline.
- ✓ **Start fresh sooner.** Some loan programs have shorter waiting periods after a short sale than after a foreclosure.

Taxes on forgiven debt: If a lender forgives part of your loan in a short sale or deed in lieu, the forgiven amount may be considered taxable income, though exclusions can apply. Ask a CPA before you agree.

Do you have equity?

Your equity determines which options make sense. Fill in what you know; we're happy to provide a free market valuation to help.

Item	Amount
Estimated market value of your home	
- Mortgage principal balance	
- Missed payments, late fees and legal costs	
- Second mortgage / home equity line	
- Liens, judgments or unpaid property taxes	
- Estimated selling costs (commission, transfer taxes, attorney)	
= Estimated equity	

If the result is positive

You likely have equity to protect. A well-priced traditional sale may pay off everything you owe and put money in your pocket. Moving quickly matters, because fees and interest keep growing.

If the result is negative

You may be "underwater." A loan modification or short sale may be options. A short sale requires lender approval and documentation of your hardship, so it's important to start early.

Avoid foreclosure rescue scams

Homeowners facing foreclosure are frequent targets of scams. New York, Connecticut and New Jersey all have laws that protect homeowners in foreclosure, including when someone offers to buy the home. Watch for these warning signs:

- × **Upfront fees** for a loan modification or "foreclosure help." Under federal rules, companies generally can't charge you before they deliver results.
- × **Requests to sign over your deed** or to rent your home back from someone who "saves" it.
- × **Instructions to stop talking to your lender** or to send mortgage payments to someone else.
- × **Guarantees** that they can stop the foreclosure no matter what.
- × **Pressure to sign immediately** without an attorney reviewing the documents.

Free and trusted help

HUD-approved housing counselors

Free advice on your options. (800) 569-4287

New York Homeowner Protection Program

Free counseling and legal services. (855) 466-3456

Court mediation programs

Available in Connecticut and New Jersey; settlement conferences in New York.

Your own attorney

Legal aid organizations offer free help to eligible homeowners.

HOW WE HELP

Confidential help, no judgment



Michael Vasquez

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If selling your home is the right path, our team can help you sell before a foreclosure is completed, protect your equity and move forward on your own terms. We work alongside your attorney and housing counselor, and we'll always tell you honestly whether selling makes sense.

- ✓ Free, confidential home valuation
- ✓ Estimate of what you'd net after paying off the loan
- ✓ Traditional sale with full marketing
- ✓ Short sale coordination with your lender
- ✓ Flexible timing around your move
- ✓ Serving Westchester, the Hudson Valley, Fairfield & Bergen

Talk with us confidentially

Call **(914) 483-2883** or visit **pspteam.com/sell/pre-foreclosure**. No cost, no obligation and no pressure.

This guide is for general information only and is not legal, tax or financial advice. Foreclosure laws and procedures change and vary by state and county. Consult a licensed attorney, a HUD-approved housing counselor and a tax professional about your situation. We are paid only if your home sells, as agreed in a listing agreement. Property Solutions Team · eXp Realty · 777 Westchester Ave, Suite 101, White Plains, NY 10604. Equal Housing Opportunity.