



Action Guide

What to Do When You Receive a Notice of Default

A Step-by-Step Action Plan to Protect Your Home and Rights

Don't Panic – You Have Options

Receiving a Notice of Default is stressful, but it's NOT the end. You still have time and options to save your home or avoid foreclosure. This guide will walk you through exactly what to do, step by step.

TIME IS CRITICAL

You typically have 20-30 days to take action after receiving a Notice of Default. Don't wait – start immediately.

Understanding Your Notice of Default

Your Notice of Default is a formal legal document. Here's what it contains and what it means:

Key Information in the Notice

- **Reinstatement Amount:** The total amount you need to pay to bring your loan current (includes missed payments, late fees, and legal costs)
- **Deadline to Cure:** The date by which you must pay the reinstatement amount (at least 20 days from the notice date)
- **Loan Information:** Your loan number, property address, and lender/servicer contact information
- **Legal Language:** Information about your rights and the foreclosure process
- **Next Steps:** What happens if you don't cure the default (Notice of Sale will be posted)

IMMEDIATE ACTION

Write down the reinstatement amount and deadline immediately. Keep the notice in a safe place – you'll need to reference it multiple times.

Immediate Actions Checklist (Days 1-3)

Complete these actions within the first 3 days of receiving your Notice of Default:

- Read the entire notice carefully, including all fine print
- Identify and write down the reinstatement amount
- Identify and write down the deadline to cure
- Make copies of the notice (keep originals in a safe place)
- Gather your most recent mortgage statement
- Locate your original mortgage documents and deed of trust
- Collect financial documents (see checklist below)
- Calculate your current monthly income
- List all monthly expenses
- Contact your mortgage servicer (use script on page 5)
- Request information about loss mitigation options
- Find a HUD-approved housing counselor in your area
- Schedule a consultation with the housing counselor
- Do NOT ignore the notice or assume nothing can be done
- Do NOT pay anyone upfront fees for foreclosure help

Document Gathering Checklist

Gather these documents immediately. You'll need them to discuss options with your lender and housing counselor:

Mortgage Documents

- Notice of Default
- Most recent mortgage statement
- Original mortgage documents and deed of trust
- Payment history (if available)
- Any previous correspondence with lender

Income Documentation

- Pay stubs (last 2-3 months)
- W-2 forms or tax returns (last 1-2 years)
- Bank statements (last 3 months)
- Unemployment benefits documentation (if applicable)
- Social Security or disability income proof
- Other income sources (rental, alimony, etc.)

Expense Documentation

- List of monthly expenses (utilities, food, insurance, car payments, etc.)
- Property tax statements
- Homeowners insurance policy and bills
- HOA dues statements (if applicable)
- Medical bills or other significant expenses

Hardship Documentation

- Layoff or termination notice
- Medical bills or diagnosis letters

- Divorce decree or separation agreement
- Death certificate (if spouse/co-borrower passed)
- Business closure documents (if self-employed)
- Any other proof of financial hardship

Your 20-Day Action Timeline

Follow this timeline to maximize your chances of avoiding foreclosure:

Days	Priority Actions	Why It Matters
1-3	<ul style="list-style-type: none">• Read notice• Gather documents• Contact servicer• Find housing counselor	Understanding your situation and deadline is critical. Early action shows good faith.
3-7	<ul style="list-style-type: none">• Meet with housing counselor• Review all options• Begin loss mitigation application	Professional guidance helps you choose the right option. Applications take time to prepare.
7-14	<ul style="list-style-type: none">• Submit complete loss mitigation application• Provide all documentation• Follow up to confirm receipt	A complete application filed 37+ days before foreclosure sale protects you from sale during review.
14-20	<ul style="list-style-type: none">• Follow up on application status• Respond to any requests• Consider alternatives if needed	Stay engaged with the process. Have backup plans ready if modification is denied.
20+	<ul style="list-style-type: none">• Make final decision• Execute your plan• Continue communication	Take decisive action before the cure deadline passes. Options become more limited after this point.

CRITICAL DEADLINE

If you submit a complete loss mitigation application at least 37 days before a foreclosure sale, your servicer **CANNOT** proceed with the sale until your application is reviewed. This is a federal protection.

Phone Script: Contacting Your Mortgage Servicer

Use this script when calling your mortgage servicer. Have your documents ready before calling.

What to Say

"Hello, my name is [YOUR NAME] and I'm calling about my mortgage account. My loan number is [LOAN NUMBER]. I recently received a Notice of Default and I want to discuss my options to avoid foreclosure.

I experienced [BRIEF REASON: job loss, medical emergency, etc.] and fell behind on my payments. My situation has [improved/is improving/will improve by DATE], and I want to work out a solution to keep my home.

Can you please:

1. *Confirm the reinstatement amount and deadline from the Notice of Default*
2. *Explain what loss mitigation options are available to me*
3. *Tell me what documentation you need from me*
4. *Provide information about applying for a loan modification or repayment plan*

I'm ready to provide financial information and work with you to resolve this."

Important Questions to Ask

- What is the exact reinstatement amount, and what does it include?
- What is the deadline to reinstate my loan?
- What loss mitigation options am I eligible for (loan modification, repayment plan, forbearance)?
- What documentation do you need from me?
- How do I apply for a loan modification?
- How long does the loss mitigation review process take?
- Will applying for loss mitigation delay the foreclosure process?
- If I submit a complete application 37+ days before a foreclosure sale, will the sale be postponed?
- Who is my single point of contact for loss mitigation?
- Can I get this information in writing?

Tips for the Call

- Call during business hours when servicers are fully staffed
- Have your loan number, property address, and Social Security number ready
- Take detailed notes (see call log template on next page)
- Ask for the representative's name and employee ID
- Request a confirmation number for your call
- Ask for written confirmation of anything promised
- Be honest about your financial situation
- Stay calm and professional, even if frustrated
- If you don't get answers, ask to speak with a supervisor
- Follow up in writing after the call

Call Log Template

Use this template to document every conversation with your mortgage servicer. Keep all call logs together in one place.

Date:	
Time:	
Loan Number:	
Called:	<input type="checkbox"/> Servicer <input type="checkbox"/> Lender <input type="checkbox"/> Other: _____
Phone Number:	
Representative Name:	
Employee ID/Confirmation #:	
Reason for Call:	
Discussion Summary:	
Actions Promised by Servicer:	
Information/Documents Requested:	
Follow-Up Required:	<input type="checkbox"/> Yes <input type="checkbox"/> No Follow-up by (date): _____
Next Steps:	

💡 Tip: Make photocopies of this template so you can log multiple calls.

Next Steps and Escalation Paths

After contacting your servicer and gathering your documents, take these next steps:

Step 1: Meet with a HUD-Approved Housing Counselor

Housing counselors are trained professionals who provide FREE guidance on avoiding foreclosure. They can:

- Review your financial situation and options
- Help you understand loss mitigation programs
- Assist with completing applications
- Negotiate with your servicer on your behalf
- Provide referrals to legal assistance if needed

Find a counselor:

- Website: www.consumerfinance.gov/find-a-housing-counselor
- Phone: 1-888-995-HOPE (4673)

Step 2: Submit a Complete Loss Mitigation Application

A complete application includes all required documentation. Your servicer must review a complete application submitted 37+ days before a foreclosure sale. While the application is under review, they cannot proceed with the sale.

Step 3: Follow Up Regularly

Don't wait for the servicer to contact you. Call weekly to check on your application status and provide any additional information requested immediately.

Step 4: Consider Alternative Options

If loan modification is denied or unlikely, consider:

- Selling your home (traditional sale or cash sale)
- Short sale (if you owe more than the home is worth)
- Deed in lieu of foreclosure
- Chapter 13 bankruptcy (can stop foreclosure and provide time to catch up)

When to Escalate

Escalate to a supervisor or file a complaint if your servicer:

- Refuses to discuss loss mitigation options
- Does not respond to your complete application within a reasonable time
- Provides conflicting information
- Proceeds with foreclosure while your application is under review
- Loses your documents repeatedly
- Violates your rights under federal mortgage servicing rules

File complaints with:

- Consumer Financial Protection Bureau (CFPB): consumerfinance.gov/complaint or 1-855-411-2372
- Texas Attorney General: texasattorneygeneral.gov or 1-800-621-0508
- Your mortgage servicer's escalation department

Legal Disclaimer

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