

## Title:

Could Your Debt Cost You Your Home?

## Word Count:

589

## Summary:

The repossession of your home is the ultimate nightmare for people struggling with debts, but the good news is it's not an easy process to force through and is rarer than you may think. Find out the stages involved and how you can stop it happening to you.

## Keywords:

debt, repossession

## Article Body:

For homeowners struggling with debt problems, losing your home is the ultimate nightmare. Not only will you suffer the emotional upheaval and traumatic change of lifestyle involved, you may even find that it isn't the end of your financial problems. Your property can be sold at much less than the market value, which might not even be enough to clear your debt, leaving you homeless but still indebted.

Fortunately, this nightmare scenario is not as common as you may think. Repossession is a last resort for your creditors, and is only an option for a select few of them. Any debts you have on credit cards, bank accounts and the like are classed as unsecured, which means that even though your possessions could be seized to pay off what you owe, your home is not directly at risk unless your debts are serious enough to warrant bankruptcy.

Although government related debts such as tax arrears can also be cleared through forcing the sale of your home, this is not a particularly common occurrence, and the main risks to your home are loans which are secured on it. This includes your mortgage and any equity loans you've taken out.

Mortgage lenders will not exercise their repossession right lightly, as it's an expensive option for them, they'll be missing out on your future interest payments, and it doesn't do a great deal for their public image to be seen turfing families out on to the street. However, the prospect of repossession proceedings is still a serious business and you should urgently seek advice from either the lenders themselves or a qualified and licensed debt advisory service.

The repossession process is not a quick one, and you'll generally have around six months between falling into arrears and being served an eviction notice, which is ample time to rearrange your finances with a consolidation loan or remortgage, or even to negotiate new terms or a repayment program with your mortgage lender.

Repossession must follow a legally specified course, starting with a simple letter from the lender to you notifying you that you are in arrears, and asking that you make arrangements to resolve the matter. If no resolution is reached, a second letter will be sent warning of legal action.

If you're still in arrears at this stage, and haven't made a genuine attempt to negotiate with the lender, a solicitors letter will be sent giving you 7 days to clear the arrears or make an acceptable proposal on how you plan to do it. There needs to be no further notice for court proceedings to start if you don't respond to this final letter.

If it does get to court, then a judge can grant a possession order which gives your mortgage lender the legal right to evict you. In practice, judges will try to broker an agreement on an acceptable and fair way forward, especially if children are involved. Even if an order is granted, this doesn't necessarily lead to eviction, as mortgage companies can keep the order in reserve as an inducement for you to clear your arrears.

So, if you're worried that you might be facing eviction, remember that it is in fact a fairly rare thing for a mortgage lender to enforce, and that there is plenty of opportunities to stop the process once it's started. The best advice is to keep calm, contact the lender, and seek advice on how you can come to arrangement that keeps your creditor happy, but more importantly keeps you in your home.