



## ***9 HOME LOAN ARREARS MISTAKES***

Being in arrears with your home loan can be very stressful and it is a situation that many people experience some time in their life. Unfortunately most people do not know what to do when they find themselves in this situation. Below we have mentioned the most common mistakes people make when they are in this situation and some examples of what you should do if you find yourself in this situation.

**1. Letting the financial institution take your property:** As you would already be aware, if you allow the financial institution to take your property and sell it themselves, there is a high probability you will not get anything and may even still be in debt for which they will sue you for damages. You are also probably aware that they will not care what it sells for as long as they get something for it and if you have equity and expect to get some money, they can charge in excess of \$100,000 for all their solicitor fees, court fees, sheriff's fees, selling fees etc on top of what is owed on the property.

**2. Going Bankrupt:** People think this is the easy way out. You should not go bankrupt unless it is the absolute last resort. If you go bankrupt you will be bankrupt for 7 years and it will virtually be impossible to get any finance at all for anything. Also, when the bankruptcy period is over and you want to apply for finance again, a lot of the financiers will ask if you if you have been bankrupt before which will then make it hard for you to gain any finance even when the bankruptcy period is over. People also mistakenly believe they will be free from any debt but this is not true. The creditor can apply to the courts to have your pay deducted. You will also not be able to have any assets worth more than a certain amount which is usually around \$5,000 in total.

**3. Not discussing the issues with the creditor:** If you have received a warning, then it is important that you do not avoid it. Many people think that it is a good idea to try to sneak away from dealing with their creditor, but it is not. Give them a call and talk to them about your situation. Try to work out a way get them the money that they are owed before any of your stuff is seized from your home. If you talk to them, there is a good chance that they will work out a payment plan for you and your situation.

**4. Waiting until the creditor applies to court before you act:** People do not realise that if they let it get to this situation that they will not only have to catch up on the arrears in payments for their loan but also have to pay all the legal costs which will be many thousands of dollars on top of the arrears.

**5. Becoming hostile or argumentative:** The people dealing with your situation from the lending institution are obviously humans and have feelings as well. If you are aggressive and argumentative they are less likely to want to help you and will more than likely give you a hard time and make your situation more difficult.



**6. Being too embarrassed to ask for help:** We have found that a lot of people are too proud or embarrassed to ask for help. You should not be embarrassed as many people find themselves in financial difficulty some time in their life. Get passed your pride and deal with the situation because it will be a lot more embarrassing if the sheriff comes to your home and takes all your possessions.

**7. Trying to do it all yourself:** Most people do not have the necessary skills and knowledge on what to do because it is not something they have ever experienced before. By trying to deal with your situation by yourself, you may be asking for trouble. It is best to use a company who specialises in situations for people who find themselves in financial difficulty. These companies can negotiate with the creditors on your behalf and also tell you all the options you may have that the creditors will not want you to know.

**8. Waiting too long to get help:** This is a common mistake people make when they are in this situation. Usually by the time they contact the right people to help it is too late to get a beneficial outcome. Don't wait until the last minute to seek help. Get proactive because the earlier you get help the better the outcome will be for you.

**9. Dangers of not using a third party:** Trying to negotiate with a creditor yourself can be a big mistake because they will be confident that you do not understand the Law and your Rights and will use this to their advantage. Don't expect them to tell you what your rights are because it will not benefit them. By using a third party who knows the law concerning overdue debts and mortgages it will give you more perceived power when trying to negotiate with a creditor and it will be much more likely that you will get an outcome that will benefit you.

If you are in a situation where you are having difficulty meeting your financial obligations, we can help. Please go to our website [www.HomeLoanHelp.com.au](http://www.HomeLoanHelp.com.au) for more information or call us now on **1300 33 29 65** for a Free No Obligation Consultation to see how we can HELP YOU.

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