How to Rebuild After a Foreclosure

If you lost your home to foreclosure, don't give up! The important thing to remember is that you **can** regain control of your finances. In fact, with some effort and planning, you can put yourself in an even stronger financial position. In time, you may become a homeowner once again.

Find a New Place to Live

First and foremost, you will need to find an affordable place to live. Ask your lender if they offer a program that would allow you to rent back the home you lost to foreclosure.

If this type of program is not available to you, explore the rental housing in your area. Keep in mind, you will need to provide a security deposit to rent a home. Since you may have a low credit score, you may need to pay more, perhaps even double the deposit, so be prepared.

If you are interested in becoming a homeowner again, you might consider renting with an option to buy the home. In this arrangement, part of your rent is applied to the future purchase of the home. This will take years and can sometimes be more costly in the long run, but it could prove to be a way to rebuild your credit as you work to re-enter homeownership.

If you've exhausted all resources and are in need of a place to stay, reach out for assistance. The U.S. Department of Housing and Urban Development, along with other federal agencies, funds programs to help people who need help. These programs provide a range of services, including shelter, food, counseling, and even jobs skills programs. Visit www.hud.gov/homeless/ for more information.

Reevaluate Your Spending

Now, more than ever, it's important to re-evaluate your spending and saving. Here are some tips that will help you create a Spending and Saving Plan:

- Determine your monthly net income, which is the income remaining after taxes and payroll deductions.
- List the fixed expenses you pay each month, including rent, utilities, and car payment.
- List the variable expenses that could fluctuate a bit each month (e.g. groceries, gas, etc.).
- Set aside money each month for purchases you know you will need to make in the future, like haircuts, school supplies, or clothing.
- Compare your income with your expenses. Look for ways to increase your income and decrease your spending.
- Establish short- and long-term goals for yourself. For example, in six months you may want to eliminate $100 in monthly expenses so you can put it into savings.
- Set a savings plan and stick to it. Work toward saving at least three months of expenses as your safety net.

- Always keep an emergency fund. Just like savings, you want to ensure you have the ability to pull from an emergency account without jeopardizing your monthly expenses.
- Plan ahead for major expenses, and avoid impulse buying. If you know that you will need to make a large purchase in the future, account for that purchase in your monthly expenses. That way, when you find exactly what you need, you will have enough money to pay it in full.