

# LOAN MODIFICATION

## AGENDA

- WHAT IS A LOAN MODIFICATION?
- WHAT ARE THE BENEFITS OF A LOAN MODIFICATION?
- WHAT ARE THE NEGATIVES OF A LOAN MODIFICATION?
- WHO ARE THE PLAYERS IN THE MODIFICATION PROCESS?
- WHAT MODIFICATION PROGRAMS ARE AVAILABLE TO ME?
- WHAT IS THE HAMP PROGRAM?
- CAN I DO MY OWN MODIFICATION?
- NEGATIVES OF DOING MY OWN MODIFICATION?
- WHEN WORKING WITH A MODIFICATION COMPANY.....
- WHY SHOULD YOU WORK WITH US?

# WORKOUT OPTIONS

## Definition of Loan Modification

- Mortgage modification is a process where the terms of a mortgage are modified outside the original terms of the contract agreed to by the lender and borrower (mortgagor and mortgagee)

## Other workout options include

- Repayment Plan
- Special Forbearance Plan
- Refinance
- Short Sale
- Assumption
- Short Sale
- Deed in Lieu of Foreclosure

# WHAT ARE THE BENEFITS OF A LOAN MODIFICATION?

- You retain ownership of your house
- Lower monthly mortgage payments
- Lower Interest rates
- Possibility of a principle reduction
- Possibility of an increase in amortization period
- Neighborhood values are not negatively affected
- No foreclosure on your property
- You retain the tax benefit of a home owner
- Advantage of value appreciation
- Combination of any of the above

# NEGATIVES OF A MODIFICATION

- The foreclosure proceedings continue during efforts to modify your mortgage. This may result in a foreclosure sale of your property if not correctly managed. Always keep in mind that you may only have a few days left for alternative foreclosure prevention actions if your modification application is declined
- Sometimes only temporary relief with mortgage payments increasing after 5 or 10 years
- Indications are that your credit may be negatively affected during the trial payment period of the HAMP program
- Principal reductions of the outstanding mortgage balances are extremely rare
- If your property is worth much less than your loan balance, it may take many years before real estate appreciation is being realized
- If you opt for a modification, compared to short selling your property, you will not be able to take advantage of buying another property after 24 months at still depressed home prices

# WHO ARE THE PLAYERS?

- The HOME OWNER – YOU
- The SERVICER of your loan (such as commercial banks)
- The INVESTOR (such as FANNIE MAE and FREDDIE MAC)
- The LOAN MODIFICATION Company

# WHAT MODIFICATION PROGRAMS ARE AVAILABLE?

- Government programs such as the HOME AFFORDABLE MODIFICATION PROGRAM (HAMP) for owner occupied properties
- Lender's IN-HOUSE MODIFICATION PROGRAMS for those owner occupied modifications that do not qualify for the HAMP program
- Lender's IN-HOUSE MODIFICATION PROGRAMS FOR non-owner properties such as second homes and investment properties

# HAMP MODIFICATION PROGRAM

- HAMP eligibility is based on meeting specific criteria including:
  - borrower is delinquent on their mortgage or faces imminent risk of default
  - property is occupied as borrower's primary residence
  - mortgage was originated on or before Jan. 1, 2009 and unpaid principal balance must be no greater than \$729,750 for one-unit properties
  - Eligibility test: [www.makinghomeaffordable.gov](http://www.makinghomeaffordable.gov)

# CAN I DO MY OWN MODIFICATION?

THE ANSWER IS YES

- GOVERNMENT PROGRAMS SUCH AS HOPE  
(Tel: 1 888-995-HOPE) AND
- HOME AFFORDABLE MODIFICATION PROGRAM (HAMP)  
(Visit [www.makinghomeaffordable.gov](http://www.makinghomeaffordable.gov))
- HOUSING AND URBAN DEVELOPMENT (HUD) COUNSELLORS  
(Tel: 1 888-995-HOPE)
- INTERNAL SERVICER AND INVESTOR PROGRAMS

# NEGATIVES OF DOING OWN MODIFICATION?

- Very time consuming
- Extremely emotional for the family members do the negotiation
- Knowing the correct documents to submit
- Knowing how to prepare the hardship letter
- Understanding how financial figures should be presented without being dishonest
- Understanding how to navigate the different departments within the centers of the different lenders
- Managing the escalation process
- Questioning the lender if your modification is declined
- Understanding the resubmission process

# WHEN WORKING WITH A MODIFICATION COMPANY...

- Do not pay upfront fees for assistance
- Beware of people who pressure you to sign papers immediately, or who try to convince you that they can “save” your home if you sign or transfer over the deed to your house
- Do not sign over the deed to your property to any organization or individual unless you are working directly with your mortgage company to forgive your debt
- Never make a mortgage payment to anyone other than your mortgage company without their approval

# WHY SHOULD YOU WORK WITH OUR AFFILIATE COMPANY?

- We are unique as we do not ask for any payment if you do not accept the modification that we negotiate for you!
- We negotiate with Federally Chartered Banks, Mortgage lenders and Loan Servicing companies. We have “Exclusive Reps” of Chase, WaMu, EMC, Nationstar and Ocwen assigned by these lenders to our modification company for HAMP, In-House and Step Modifications
- Parent company is approved by the Federal Housing Administration
- Free financial loan modification analysis
- No credit check required
- No appraisal needed
- No contract to sign
- Rates as low as 2%
- No risk to you with no upfront fees
- Pay a low flat fee only if you accept the lender's modification offer