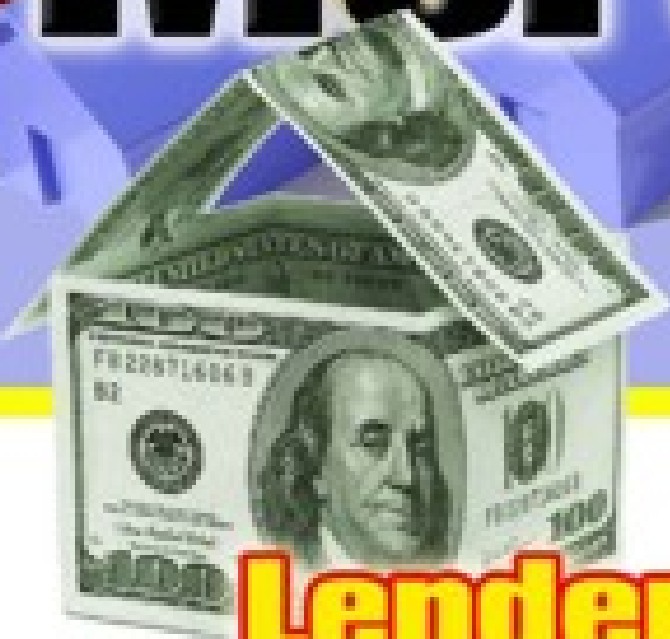


How To Modify Your Mortgage



Lenders Secrets Revealed

The Definitive How To Blog

Shows You How To:
Bring Your Mortgage Current
Lower Your Rate
Lower Your Payments
and Get Your Life Back
On Track



**DAN
HARRIS**

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Chapter 1:

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Preface

The purpose of this book is to educate you, the reader on the topic of loss mitigation and teach you everything there is to know about loan modifications. Before you embark on attempting to negotiate a loan modification it is important to understand the loan modification process from the lenders point of view. Whether you chose to attempt to negotiate on your own or hire a professional, knowledge is the key to success.

This course is designed to help you negotiate the best loan modification available to you. It includes all sides of the loan modification process, from where the bank stands to how to get your life back on track with your own loan modification.

Loan modification is the current wave due to the downturn in the housing market - it is not new, in the past it was reserved for those who had hardship and could make their payment, but weren't able to catch up on back payments. When property values are stable or rising, lenders are far less likely to approve a loan modification. If your home has equity the bank takes a nominal loss or no loss at all. From this perspective the lender has no interest in modifying a loan for a homeowner with a track record of financial difficulties. They can sell the property, recoup all of their money and continue lending money for a profit. When there is equity and homes sales are up, there is no incentive for continuing in a loan with a borrower who is way behind.

Recent events in the United States have politicians clamoring for banks to modify loans and avoid foreclosure. Legislation is moving quickly and banks can feel the pressure. Equity in homes has disappeared and, in many cases, people are upside down in their loans with negative equity. A lender would rather modify the terms of a loan by reducing the payments and/or balance than face the time and expense of foreclosing on a property. This phenomenon is what I like to call **“The Modification Boom”**. It is now time for lenders to correct the damage done during the “Refinance Boom”. At this point in time, banks and borrowers have few options to mitigate their losses. They have to work together to keep homeowners in their houses and ride out the storm until the housing market turns around.

In this market, Loan modification is an imperfect solution that makes perfect sense. Loss mitigation practice dictates that the banks incur less significant financial losses now, to avoid the long term losses associated with mass foreclosures.

You can take advantage of this market by learning how to use the threat of foreclosure to get your loan modification done with payments that you can afford.

As is so often the case, this current situation has given way to a new group of scam artist claiming to be loan modification experts. Up until now loan modification has been used very sparingly and very few people truly understand the subject. Loan modifications are by and large unregulated and there are many variations on the theme.

Be careful of predators who will charge large upfront fees with no ability to guarantee results. If you decide to hire a professional ask for references, negotiate fees and do not pay a large upfront deposit. Many states are working on and passing laws to prevent loan modification companies from charging upfront fees. My fear is that this could drive otherwise well meaning, good loss mitigation experts out of the field. There is nothing wrong with a company charging a small upfront fee to work on your behalf.

Be careful and don't let someone take advantage of you and your situation.

Can't refinance? It's Time to Modify your loan

The real estate market has been stable and climbing for over a decade, whenever a homeowner's mortgage needed to be addressed for any reason, refinance was the initial thought. Refinancing was easy; the variety of loan products available was unending. Easy money coupled with an increasing market gave homeowners the ability to take cash out when needed, lower their interest rate, fix their interest rate, as well as a number of other options.

In today's declining market, easy money is a thing of the past. Refinancing is available to only a select few. Nowadays, trying to get approved for a refinancing is extremely difficult. Wall Street is no longer purchasing loans from originators and banks, lenders have slashed programs and applied stringent requirements for qualifying for a refinance. Without a government guarantee to buy the loan, most bankers and lenders will not make the funds available for a loan.

FHA, Fannie Mae, and Freddie Mac are being stretched to the limit and can't possibly keep up with the demand. As a result their underwriting criteria have tightened and the money supply has also. New homebuyers and current homeowners looking to get financing must have excellent credit, plenty of equity, job stability, disposable income, assets galore and proof of all of the above. If any of these conditions can't be met, getting a loan is next to impossible.

When you have little or no equity, there is no option to refinance. This is true for all borrowers, well qualified or not.

You don't always have to pay huge closing costs to reduce your mortgage's interest rate.

In this type of market, loan modification is the only way to achieve a change in your loan terms that will make it livable. Study this course and put it to work for you.

Smart homeowners can "modify" their mortgage by negotiating with their existing lender for a reduced interest rate, or re-amortization of their current loan. Some homeowners who are upside down in their loans may even be able to negotiate a principal balance reduction.

For the time being at least, lenders are approving nearly 90 percent of loan modification requests. If it's properly prepared and makes sense, they'll probably approve it the first time through. Unfortunately, if your request is sloppy, missing information or just not very clear they will set it aside and move on to the next one. They're just inundated with modification requests right now.

Loan modification is a laborious process, but the rewards are well worth the time and energy spent negotiating.

Why You Should Modify Your Own Loan

Your lender is looking out for its own best interests; someone needs to look out for yours. Who better than you?

I show you how to modify your own loan successfully.

My course includes everything you need to modify your own loan. I will teach you how to negotiate the best loan modification available to you. Inside you will find a complete library of sample forms, letters and proposals. Learn how to know what your lender is thinking so that you will have the upper hand when negotiating.

By using my tried and true system you will be light years ahead of many loan modification professionals. They say that knowledge is power, and when you are done with this book you will have the knowledge necessary to power your way to a great loan modification. The more knowledgeable you are, the easier it will be to get what you want from your lender, so get educated and get your loan modified.

Bring Your Mortgage Current

Having a mortgage that is behind in payments can feel like the weight of the world on your shoulders. The late fees, penalties and legal fees add up quickly, and can make it impossible to catch up. Soon the telephone feels like a 900 lb. barbell.

My system will help you to bring your mortgage current, reduce your rate, reduce your monthly payments and get you back on track again.

Lower Your Rate & Payments

Once you know how to make a good loan modification proposal it won't be hard to convince your lender to make a radical cut in your interest rate.

Learn how to negotiate lower your monthly mortgage payments to something livable. Loan modifications won't be available forever, and you will only get one shot at your current lender. Maximize your efforts and get the lowest payment you can! Being able to deal with your lender and know what their looking for will enable you to negotiate a long term reduction in your monthly mortgage payments.

Reduce Your Principal

I absolutely love this one. If you are upside down in your loan, you can convince your lender to reduce the principle. With the proper tools and knowledge it is possible to obtain the most coveted of all lender concessions, the principal balance reduction.

Negotiate with Strength

Ronald Reagan believed in Peace through Strength. I believe in fairness through strength. Your lender is big, strong and powerful, yet you can convince them to be fair if you know how. My course will level the playing field and allow you to negotiate from a position of strength. Learn what your lender is afraid of, their weaknesses. I will show you what they fear the most and how to make them feel like you have it. When it comes to negotiating, the side with the most knowledge has the most power. I will put the power on your side and show you how to win your negotiation.

Make no mistake about it lenders have been around since the beginning of time. They have experience and money on their side. The amount of money spent each year lobbying politicians and lawmakers by banks is staggering. A borrower with no knowledge is no match for these giant bullies.

After reading this book you will have the knowledge and confidence needed to make your way through the complicated maze and levels of minions the banks have put in place to discourage and curtail your efforts.

Don't take your lenders 1st offer

If you are behind on your mortgage your bank might call and try to discuss your situation with you. If after an analysis of your finances, they feel that you will be able to make your payments in the future they are going to offer you a short term payment plan disguised as a loan modification solution. DO NOT TAKE IT!!!

Your lender is not going to offer you something that is designed with your best interest in mind. They are going to offer you a solution that will get every dime out of you both short and long term. A plan designed with their best interest in mind. If you are lucky you will barely be able to survive, if you aren't you'll be back in trouble again in the future.

PRINCIPLE BALANCE REDUCTIONS

Principal balance reductions are not the norm and no bank is going to volunteer to reduce the amount you owe them. Loss mitigation managers have a responsibility to upper management and their performance is monitored for loss percentages. Remember any losses have to be reported to stock holders. A principal reduction is a loss. If you owe more than your home is worth you have negative equity. If you have negative equity there is a good chance that you may be able to convince them to lower your principal balance in addition to lowering your interest rate.

Most banks and lenders will initially offer is to defer your past due balance, temporarily reduce your interest rate and give you a few months off of making payments. Be firm when you negotiate. Simply tell them that this is not enough. Explaining that this is a short term fix that will only delay the inevitable will help to convince them to do more. Tell them that you need your interest rate lowered and fixed permanently, your loan re-amortized (stretched back out over a longer term) 30, 40 or 50 years. Tell them you want your PRINCIPAL BALANCE REDUCED.

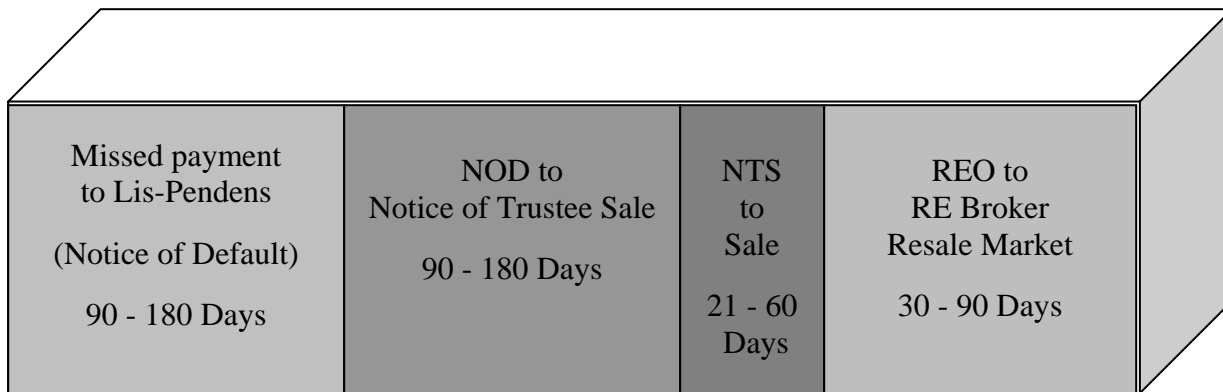
Many lenders have predatory loans on their books. Over 80% of loans closed from 2000 – 2008 contain predatory terms. These predatory provisions can help you to negotiate a principal balance reduction.

Having a good attorney who has experience with RESPA & TIL violations analyze your loan documents might cost a few dollars but it could help you with your negotiations. If the attorney finds a violation you could wind up saving hundreds of thousands of dollars over the life of your loan.

You must avoid the urge to jump at the first offer your lender makes. Ask professionals what they think of what you are being offered. Perhaps the attorney who reviewed your documents could look at the offer. Remember you can pay a professional to fight for you against your lender. If you do most of the leg work you should be able to negotiate a small fee for reviewing your file and rendering an opinion or some coaching. A good loan modification company might also be willing to do these things.

Typical Timeline of a Foreclosure

Depending on the laws in your State, the foreclosure process can take anywhere from 3 months to 2 years from your first missed payment.



It is very important that you get familiar with the specific foreclosure timeline in your state.

The foreclosure timeline varies greatly from state to state. As state governments pass legislation to stem the tide of foreclosures this timeline will continue to change.

The next page is the most up to date information on a state by state basis as of the writing of this book. This data is only a guide and should not be counted on as accurate to the day.

You should verify the foreclosure time line with an attorney or your state and/or county officials. Know where you are in the process, failure to do so may result in the loss of your home.

Foreclosure Timeline State by State

State	Judicial	Non-Judicial	Process Period (Days)	Sale Publication (Days)	Redemption Period (Days)	Who / How Sold
Alabama	•	•	49-74	21	365	Trustee
Alaska	•	•	105	65	365*	Trustee
Arizona	•	•	90+	41	30-180*	Trustee
Arkansas	•	•	70	30	365*	Trustee
California	•	•	117	21	365*	Trustee
Colorado	•	•	145	60	None	Trustee
Connecticut	•	•	62	NA	Court Decides	Court
Delaware	•	•	170-210	60-90	None	Sheriff
District of Columbia	•	•	47	18	None	Trustee
Florida	•	•	135	NA	None	Court
Georgia	•	•	37	32	None	Trustee
Hawaii	•	•	220	60	None	Trustee
Idaho	•	•	150	45	365	Trustee
Illinois	•	•	300	NA	90	Court
Indiana	•	•	261	120	None	Sheriff
Iowa	•	•	160	30	20	Sheriff
Kansas	•	•	130	21	365	Sheriff
Kentucky	•	•	147	NA	365	Court
Louisiana	•	•	180	NA	None	Sheriff
Maine	•	•	240	30	90	Court
Maryland	•	•	46	30	Court Decides	Court
Massachusetts	•	•	75	41	None	Court
Michigan	•	•	60	30	30-365	Sheriff
Minnesota	•	•	90-100	7	1825	Sheriff
Mississippi	•	•	90	30	None	Trustee
Missouri	•	•	60	10	365	Trustee
Montana	•	•	150	50	None	Trustee
Nebraska	•	•	142	NA	None	Sheriff
Nevada	•	•	116	80	None	Trustee
New Hampshire	•	•	59	24	None	Trustee
New Jersey	•	•	270	NA	10	Sheriff
New Mexico	•	•	180	NA	30-270	Court
New York	•	•	445	NA	None	Court
North Carolina	•	•	110	25	None	Sheriff
North Dakota	•	•	150	NA	180-365	Sheriff
Ohio	•	•	217	NA	None	Sheriff
Oklahoma	•	•	186	NA	None	Sheriff
Oregon	•	•	150	30	180	Trustee
Pennsylvania	•	•	270	NA	None	Sheriff
Rhode Island	•	•	62	21	None	Trustee
South Carolina	•	•	150	NA	None	Court
South Dakota	•	•	150	23	30-365	Sheriff
Tennessee	•	•	40-45	20-25	730	Trustee
Texas	•	•	27	NA	None	Trustee
Utah	•	•	142	NA	Court Decides	Trustee
Vermont	•	•	95	NA	180-365	Court
Virginia	•	•	45	14-28	None	Trustee
Washington	•	•	135	90	None	Trustee
West Virginia	•	•	60-90	30-60	None	Trustee
Wisconsin	•	•	290	NA	365	Sheriff
Wyoming	•	•	60	25	90-365	Sheriff

Chapter 2:

Understanding the Loan Modification Process

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What is a Loan Modification?

Loan modification is a process that allows homeowners and lenders to change the terms of a loan in order to help the borrower stop foreclosure.

A loan modification is NOT a new loan.

It is the renegotiation or restructuring of your existing mortgage note.

For homeowners behind on their mortgage, those with a low credit score, or those who don't have enough equity to refinance, a loan modification is often the only option available because they are unable to get approved for a mortgage refinance or a short-refinance.

A loan modification can be done in several ways or combination of ways listed below:

- the loan's interest rate may be decreased
- the interest rate could be changed from an adjustable to a fixed rate
- the period of time the borrower has to pay the loan back can be lengthened
- the type of loan could be changed altogether

Many borrowers are facing foreclosure because their mortgage interest rate has adjusted and sky rocketed beyond what they could have imagined.

A loan modification is the perfect solution for both the lender and the borrower to avoid the cost and hassle of the foreclosure process.

Remember the lenders point of view. No matter whom the investor is, the servicing firm is obligated to find a solution to payment problems that will minimize loss to the lender/investor. If the lowest-cost solution is a loan modification, then you will be granted a loan modification. But if a foreclosure would generate lower costs for the lender, their decision will be to foreclose. The cost of foreclosure to the borrower does not enter into the decision.

Lenders protect themselves from mass loan modifications by entertaining modification proposals on a case-by-case basis, while placing the burden of proof on the borrower. Borrowers must accept the burden of proof.

In most cases, the decision on a modification is not made by the investor that owns the loan. It is made by a firm servicing the loan under contract to the investor/lender. The owner of the mortgage note could be a single lender, or it could be a group of investors who own pieces of a mortgage-backed security collateralized by a pool of loans.

Servicers have a vested interest in minimizing modifications because they add to costs. By limiting modifications and standardizing customer support procedures, low-paid and easily trained employees can try to dissuade borrowers from applying for them.

Modifications must be handled by a special group of loss mitigation personnel who are more highly trained and better-paid, and the increased cost of expanding their number cuts into the bottom line. Therefore, lenders have a tendency to be non-responsive in the hope that the borrower will go away.

Mortgage banks and investors aren't just doing modifications out of the kindness of their hearts. Workouts look better from a public relations standpoint and usually cost thousands of dollars less than foreclosures and home repossessions. They also keep lenders from having to struggle through the foreclosure process, which in some states can drag on for a year and a half or more. Regardless of lenders' motivations, the trend toward increased workouts means borrowers have a much better chance today of avoiding foreclosure than ever before.

Persistence Pays!

As a borrower you have to be persistent, if a customer service person says they will call you back, “forget about it”. You will need to call them and call them constantly. They will lose your paperwork, claim they didn’t receive faxes, fail to return calls, put you on hold and then hang up. It's what they do. Being persistent pays off, you have to fight hard to get what you want.

Be persistent keep fighting, keep calling, keep writing, and keep faxing. This is hard work, but when you get it done your rewards will be great and you will finally be able to sleep at night.

TYPES OF LOSS MITIGATION PROGRAMS

In the current economic climate lenders are under extreme pressure from the federal regulators, as well as their investors to turn their bad loans (non-performing assets) into good loans (performing assets).

The days of being able to foreclose and recover the full value of the asset are a thing of the past. One hundred percent financing and a downturn in the real estate market have wreaked havoc on lenders bottom lines.

Loss Mitigation programs have been established and enhanced by the federal government and the mortgage industry in order to stop home foreclosures. There is great pressure from on high to assist foreclosure victims. Borrowers in default on their mortgages looking for help can now find a multitude of alternatives to home foreclosure. Each homeowner has a unique situation and no two lenders have the same exact policies or procedures regarding the programs available to stop foreclosure.

After performing a thorough assessment of your personal finances and analyzing your ability to pay you can begin to negotiate with your lender to get the best possible solution to your home foreclosure problem.

You can help to save your home and credit history through a variety of loss mitigation options:

1. REPAYMENT PLAN

This is the simplest way to cure a default on your mortgage. Repayment is usually available to homeowners who can make their regular payment, along with an extra payment to catch up on their mortgage. So, if you have incurred a short term financial hardship and your loan is two or more months past due, you can consider submitting a request for a payment plan to your lender for approval.

A complete review of your financial situation is necessary prior to your lender allowing this option to be considered. You must be able to demonstrate an ability to pay in order to be eligible.

Typically the period of a repayment plan is no more than 24 months. This term varies by lender and you should check with yours so that you can familiarize yourself with their policies.

If your rate is reasonable and you can afford to make your regular payment along with a payment that will catch you up on your back payments within your lenders time frame, this may be the solution for you.

2. LOAN MODIFICATION

The numbers of ways to modify a loan are limited only by your creativity along with your lenders appetite for that creativity.

I have seen many different variations utilized to save peoples homes. I have personally negotiated the following terms and many combinations of these terms. The most important thing to know when negotiating with your lender is NEVER taking no for an answer.

- All back payments added to the principle balance of the loan
- Re-amortization of the loan back to 30 years
- Interest rate reductions to as low as 3%
- Conversion of ARM's to Fixed Rate Mortgage
- Interest rate rollback to original rate (prior to ARM adjustment)
- Interest only periods (3 – 5 years) designed to lower payments for a period of time that allows borrowers to make it over the hump
- Principle reductions to bring the loan to value ratio into line
 - This is an actual reduction of the loan balance, which in turn lower your payments
- Combining 2 loans held by the same lender in order to create one uniform interest rate and payment
- Elimination or extreme reduction in 2nd mortgage balances
- Balloon payment at 10 or 15 years to lower today's payment

If you have incurred a financial hardship, you can supply the appropriate information to your lender and convince them to take the appropriate measures to modify the term(s) of your mortgage. As shown above this could lower the interest rate and/or extend the term of the loan resulting in lower payments.

There could be costs and fees associated with a modification that you will be responsible for. Real Estate taxes will need to be current or you must be in an approved payment plan with your local tax department. If you are behind on taxes it could prevent you from being eligible for a loan modification. If you have any liens on your property they will need to agree to allow the newly modified mortgage to be in first lien position ahead of them, likewise with any second mortgages. Any additional lien holders or mortgagees should agree to be subordinate to the first mortgage lest they face the prospect of being completely wiped out in foreclosure.

It bears repeating, NEVER take no for an answer, even if it means contacting the executive offices of the lender, your local politician, newspapers, television stations, etc. The mere threat of taking this sort of action will get the attention of your lender and expedite their handling of your file.

3. **VA LOAN MODIFICATION/REFUNDING**

(Available for VA loans only) (Takes a while to process)

Refunding is when the VA buys your loan from the lender. Refunding gives the VA the ability to contemplate foreclosure avoidance options to help you save your home that your current lender couldn't or wouldn't consider. The VA can refund a loan under 38 U.S.C. 36.4318, in this situation the arrears are added to the principal and the mortgage term is re-amortized. The new mortgage is not transferable without prior approval from the Secretary of Veterans Affairs. On occasion the interest rate is reduced and an assumption is approved. For more details call your lender or the VA.

4. **DEED-IN-LIEU OF FORECLOSURE**

Sometimes this is also referred to as a "cash for keys" program, because it may be possible to get your lender to give you money to help you move on with your life.

If you have incurred a financial hardship and your house has been on the market for 90 - 120 days, you could ask your lender to consider a deed in lieu of foreclosure. As with most foreclosure avoidance options; your lender will most probably want a complete financial package. Remember, there cannot be any additional liens (other than the mortgage) against the property. If you give your property back to the bank with a deed in lieu of foreclosure, you will give up all rights to the property. In return for the deed in lieu, your lender may waive all deficiency judgment rights.

5. **SHORT PAYOFF**

(Short Sale) (Pre-foreclosure Sale) (Compromise Of Sale)

This could be an option if you have suffered a financial hardship and are unable to make payments on your loan. Short sale allows you to sell the property to avoid a default loss on the property. Many lenders would rather take a small loss on the property now rather than go through the timely, costly process of foreclosure.

Many lenders require a qualified buyer prior to negotiating a short sale. If this is an option you wish to pursue, you must inform the lender immediately and get their list of requirements.

There could be tax consequences associated with any short payoff or foreclosure; therefore, I recommend you contact your tax advisor for details.

Your lender may want to seek a deficiency judgment for the amount of money left over after the sale. Recently, some states have passed laws preventing this. If you are considering a short sale you should seek the advice of an attorney.

6. SPECIAL FORBEARANCE
(FHA loans only) (Type I & II)

If you have incurred a financial hardship and your loan is 3 months to 1 year past due, you might be eligible for a special forbearance. A special forbearance is designed to provide you with deeper relief than a regular FHA repayment plan provides. If you are approved for this type of relief your repayment would be spread over 12 to 18 months. Type II Forebearance is usually reserved for a temporary unemployment situation when the prospect of future employment is guaranteed.

7. PARTIAL CLAIM
(FHA mortgages only) (Freddie Mac Investor loans)

Eligibility is available to those whose loans are 4 months to 1 year past due. A partial claim enables you to convert your arrears into a subordinate 2nd mortgage between you and the Secretary of HUD. This type of note usually defers payment on the 2nd mortgage until after the 1st mortgage is paid off. These 2nd mortgages are given as no interest loans. The partial claim can be for no more than 1 year of past due payments. Call your mortgage lender or the FHA for details.

Here Comes the Loan Modification Boom

The refinance boom is over and the real estate bubble has popped. More than 30 million Americans are upside down in their homes with negative equity.

Formerly hot markets in New York City, Arizona, Washington, D.C., California and Florida are now suffering without buyers or even prospects. Many previously booming markets are seeing double-digit declines in sales. In Florida the drop in home prices is staggering, and this has become ground zero for the real estate bust.

When prices fall, and they certainly have, that's a problem. Nationwide real estate property values have fallen. So properties that people bought at the peak of the market might be 75% of the value they paid, and unless they put at least a 25% down payment into the property, they're "upside down", and owe more than the property is currently worth. Being upside-down is not a big deal if you have a sustainable loan. You just hang on, and eventually things will go back to normal. You simply make payments until the balance goes down, values will go back to at least where they were, and all will be right with the world. When interest rates drop while you're upside down, you're in no position to take advantage of them. After all what lender is going to lend you money if your home is worth less than you owe?

The longest-running home loan refinance boom in the history of the mortgage industry has come to an abrupt end. The dramatic and sudden collapse of the mortgage refinance boom has sent shockwaves throughout the mortgage and real estate segment of the nation's economy. Loan officers are being laid off en masse. Lenders are rethinking their loan product offerings and credit criteria.

The prospects in the housing and mortgage markets for the immediate future are bleak. However, while the outlook for mortgage brokers is expected to decline over the next year or so, people involved in working out loans with loan modifications will definitely hear their phones ring more often.

Bring on the "Loan Modification Boom".

With little chance of refinancing, borrowers and lenders alike have to find a way to make corrections to the millions of bad loans that are on the books. It's the latest craze in the mortgage business. Basically, lenders are undoing everything they did. The mortgage crisis has borrowers and lenders alike trying to renegotiate new terms to correct the problems with these bad loans.

This time you don't need an appraisal, good credit, or equity. You simply need to have a situation in which your current mortgage is unmanageable. Whether it's a hardship that has you behind in payments, or a skyrocketing ARM adjustment that has you behind the 8 ball, all you need is a little bit of knowledge and some persistence and you too can jump onto the loan modification bandwagon.

The Art of War Loan Modification Style

So, you're in danger of losing your home. If you do not fight hard, and fight now all will be lost. Never forget this is war.

Grab your armor and weapons and start training for the fight of your life. You are getting set for a battle with one of the toughest and most powerful opponents in the world.

Big money banks, lenders and investors!

Banks are some of the oldest most powerful institutions in the world. They have had hundreds of years of practice, influencing political parties and economic systems the world over.

In order to win, you must not forget you are in the fight of your life. Any good fighter will tell you that when planning to battle with an opponent, you must first analyze their strengths and weaknesses.

Your lender has several strengths:

- A lien on your property in the form of a mortgage
- The right to take your home in foreclosure to satisfy the lien
- The law is currently on their side
- A loss mitigation system designed to discourage you
- A negotiation process geared towards getting naive homeowners to accept an arrangement not in your best interest

Your lender has several weaknesses:

- Prospect of Foreclosure in a Down Market with Few Buyers
- Costs of Foreclosure
- Depreciating Assets REO Properties
- Liability of Carrying Properties
- Tied up Capital and Reserves for Bad Loans
- Possible errors in loan documents
- Possible violations in loan documents
- Incorrect interest calculations in ARM rates
- Court cases that can cause:
 - PR Problems
 - Costly Litigation
 - Possible Creation of Legal Classes

Suffice it to say, lenders have plenty of things to fear in this market when it comes to trying to recover their losses.

I am not predicting that you would win in court but, 95% of lawsuits are settled and never reach trial. Banks know this better than anyone, and they don't want to have to face the prospect of lawsuits from borrowers that they have wronged.

Over the years lenders have gotten fat and a little lazy in their training habits and fighting tactics. Knocking homeowner, after homeowner out in foreclosure. Winning fight after fight.

Their cockiness and arrogance have put them in a bad position. This is just plain stupid because the banks have made many mistakes in the laws which they tend to manipulate with their major contributions of campaign money.

Now, let's discuss where they forgot to cover their bases and where you can pry open the door to stealing some bases of your own and quite possibly home plate!

“Knowledge is Power” - Get Educated and Fight Back!

1. Truth in Lending Act (TILA) - The Federal Truth In Lending Act was enacted by Congress in 1968 as a part of the Consumer Protection Act. The law was designed to protect consumers in credit transactions by requiring clear disclosure of the key terms of the lending agreement and all costs.

This is the most abused law by lenders and the one that has the most teeth.

Does your loan have legal violations? Are you the victim of predatory lending? It's a Fact, 90% of victims do not even know they are victims? Having a professional review your loan documents could give you the edge you need when negotiating a loan modification with your lender.

You can use these violations to your advantage whether or not you are late on your mortgage. This is truly an effective tool for bringing litigation against your lender, fending off a foreclosure action and negotiating a loan modification.

Always remember – **THIS IS WAR**. You are in **DANGER** of **LOSING YOUR HOME**. Don't be pushed around by the Big Bad Bank. I know it's scary, but here's a little known secret. Taking your home back in Foreclosure is **SCARY** to your lender too. Foreclosure isn't a good position for either of you.

Always Remember, this is a negotiation between 2 parties. Present your lender with a proposal based on your current income and expenses. One that will let you live a comfortable life and lower your payments.

I ALWAYS start negotiations with a rate lower than I expect the lender to accept. Usually, somewhere around 3% - 4%, this gives me the room to get a GREAT deal for my clients.

You should ALWAYS figure out the current value of your home prior to beginning negotiations. You can get this info from a few online sites such as:

- www.comps.com
- www.cyberhomes.com
- www.zillow.com
- www.propertyshark.com

You can also contact a local realtor and ask for a CMA in anticipation of considering selling your home. Realtors will provide you with this written report free of charge in the hope of obtaining the listing if you decide to sell your home.

If the value is less than you owe, you can use this as a basis for negotiating a principal balance reduction.

The next method of lowering your payment is to try to have your lender extend your amortization out to 40 or 50 years. This will help to bring your payments down further.

Remember, once your lender modifies your loan there will not be a second chance. If you get into trouble again later on, they will not make another modification.

They'll take your house faster than you can say HELP!

Once you are in default, normally evidenced by your receipt of a Notice Of Default - NOD, it is important to act quickly. Although you have the ability to negotiate through strength, you do not have an indefinite amount of time.

If a foreclosure sale date has been set, it could be too late as your lender has already determined the property a loss. If you find yourself at this stage it is important to consult an attorney quickly to ascertain if you have any chance of slowing down the process and stopping the sale.

Always use common sense along with proof of income and expenses to obtain the best loan modification possible. You want a workable, livable deal that makes common sense. If you ask for something that doesn't make sense it will act to slow down the process and delay your ability to strike a deal. Asking for a 1% interest rate or a 60 year amortization would be a non starter.

Negotiate towards a solution that would be a win / win, meaning that both parties should be satisfied with the results. Your lender will have their best interests in mind and you have yours.

Be a strong negotiator, DO NOT BE AFRAID to negotiate.

When you are negotiating your interest rate consider what you want in the long run. Do you want to stay in the home long term? Do you plan to leave this home eventually? Are you just trying to negotiate for the short term so that you have time to get it together and move along in a year or two? Realistically estimating the length of time you want to stay in the house will be a big factor in choosing goals for your interest rate negotiation.

In other words, if you are only planning on being in this home for a year or two your goals for your loan modification terms are going to be different than if you want to live there long term.

Some people are simply trying to get back to even, allow the market settle then sell. If this is you, try for a temporary but radical interest rate reduction. I have seen many situations where a lender will offer a teaser rate that slowly increases. For example, the first year you would pay a truly low rate of **3%**. Then in year two it jumps to 4%. Finally, in year three it goes to 5.75% and fixes itself for the remainder of the life of the loan. So, if you are going to sell in 2 or 3 years this would be a perfect solution for you.

However, if you plan on making this your home for the foreseeable future, the loan modification above might be less than ideal. In a case like this you would want to fight for the lowest fixed rate that they will give you. They are not going to offer you a 3% 30 year fixed rate modification. You want to aim for around 5%. That is the number that most banks will call their “floor rate”. If you can achieve a 30 year fixed rate loan at or around 5% you should be set.

Outlined above are a few examples that show what is possible if you fight hard enough. When it comes to lenders no two are alike. No one, including me, can guarantee anything. What I can guarantee is if you try for nothing you will surely get it!

Banks, lenders and servicers have different criteria for negotiating loan modifications. It's important that your first few calls to your lender are to gather information on their specific policies on loan modification. Some lenders will be easier on interest rates but tough to get a longer amortization from. Some will be the complete opposite, and others flexible on everything. You will have to feel out your lenders people in the loss mitigation or home retention department to determine their policies.

Remember the golden rule of negotiation;

“If You're Not Embarrassed By Your Offer, You Offered Too Much”.

The Lenders Point of View

To understand what is going on behind the scenes it's important to know the players.

You already know that the government regulates, and pumps money into the mortgage market. Government backed loans are backed and purchased through these entities.

These Government Sponsored Enterprises (GSE's) were created by The United States Congress. One purpose of the GSE's is promoting equal housing opportunities. The most well known GSE's that were formed for this purpose are Fannie Mae, Freddie Mac, and Ginnie Mae.

All activities performed by these entities are done with heavy guidance from the government. This type of loan may be fairly easy to get modified as they are currently under extreme pressure to shore up their loans.

Private mortgages do not have the same level of intensity applied by the government, although any industry that ignores pressure applied by the government is ill advised to do so.

Private mortgages which are kept by the initial lender are called portfolio loans. This means that the original did not sell off the loan. These lenders keep their loans in their asset portfolio as an investment.

Lenders who portfolio their loans have total discretion over how, when and why they would modify a loan. My experience is that these lenders have the ability to be the most creative and flexible when it comes to loan modification.

Many of the private mortgages made as sub-prime loans were securitized and sold in big bundles as mortgage backed securities. The payments on these mortgages are collected by a company called the Servicer. The conditions under which a servicer is allowed to modify a loan are covered in pooling and servicing agreements or servicing agreements. These agreements normally employ standards which generally accepted practice. Some of the standard provisions require the loan servicer to follow accepted servicing practices and procedures as it would employ "in its good faith business judgment" and which are "normal and usual in its general mortgage servicing activities".

Common practice guidance for mortgage loan servicers usually comes from the American Securitization Forum. The American Securitization Forum (ASF) acts as an independent organization that funds itself. The ASF operates as a forum of the Securities Industry and Financial Markets Association (SIFMA). The ASF membership is made up of issuers, rating agencies, financial intermediaries, guarantors, law firms, and accounting firms.

Recent conditions in the mortgage market have necessitated guidance for loan modifications from the ASF. The ASF has issued guidance that dictates a case by case evaluation of loan modifications. They divide borrowers interested in loan modification into 3 different segments.

SEGMENT 1

Borrowers who are deemed to be "eligible to refinance into other products," are in Segment 1, unfortunately these borrowers are out of luck. If you have a FICO over 660, and/or owe less than 97% of the value of your home and your payments are current you are in this group

SEGMENT 2

These borrowers are on the "fast track". If your FICO is less than 660, and/or your LTV is higher than 97% you are in this group.

Fast track means that the servicer may modify your loan with minimal qualification work based on the following:

- The borrower is deemed to be able to pay under the loan modification based on his or her current payment history prior to the reset date.
- The borrower has expressed a willingness to pay under the loan modification, as evidenced by a signed loan modification agreement.
- The borrower will be able to pay under the original loan terms.
- **The loan modification must maximize the present value of asset recoveries to the securitization trust and is in the best interests of investors.**

SEGMENT 3

This is the bottom tier, not eligible for fast track, but still able to get a conventional loan modification. This is by far the largest group of borrowers in need of a loan modification. If your FICO is less than 660, and/or your LTV is lower than 97% you are in this group.

- The borrower has a fixed rate loan but has had a hardship causing them to be unable to maintain current payments.
- The loan is a sub-prime loan with a high interest rate unsustainable for the loan term
- **The loan modification must maximize the present value of asset recoveries to the securitization trust and is in the best interests of investors.**

There you have it!

If you read the last line in segment 2 and 3 you get the "lenders point of view". NEVER FORGET when you are negotiating with your lender, they are not out for your best interest; they are only interested in getting as much out of you as possible.

Loan Modification Professionals

The first thing you need to consider when going after a loan modification is whether or not you are going to do it your self or hire a professional. You will most likely only get one opportunity to try this, make sure it's done right!

The "Loan Modification Boom" has given rise to many a predator. "Loan Modification" companies have sprung up quicker than flowers in the spring. Many of these companies are nothing more than recycled mortgage bankers & brokers who have re-tooled their businesses to capitalize on the hardships of the folks THEY put into these loans. That is not to say that this type of company won't be able to do a good job for you. My opinion is that there are many charlatans who move through markets at any given time to take advantage of consumers in "boom times". We saw it in the stock market during the "Tech Boom", then in the mortgage market during the "Refi Boom" and "The Housing Boom", and now these same recycled slick haired super sales people are taking advantage of the "Loan Modification Boom". An uneducated desperate consumer may be easy prey, and no match for this type of predator.

Many of these companies take a large up front fee to work on your loan modification and never do much more than take your money and send a few pages to your lender. The effort expended is minimal and the results are lackluster at best. The phrase "Caveat Emptor" (Let the Buyer Beware) is certainly applicable in this situation.

Be very wary of anyone who advertises, or tells you that they have special contacts inside the banks. Ask them which banks, if their answer is vague – they are probably lying. If they can't be specific about such a bold claim, **DO NOT DO BUSINESS WITH THEM.** Remember, once you catch them lying to get to get your money, **RUN DON'T WALK.** Don't even give it a second thought, just move on to the next company.

When shopping for a loan modification service it is mandatory that you do your homework.

Research is paramount in picking the right company:

- Check the better business bureau, consumer affairs, etc.
- What other businesses are they in?
- How long have they been in business?
- How long have they been doing Loan Modification?
- Ask for references of satisfied clients
- Have them explain their process
 - Do they do a complete financial analysis?
 - Do they do a property valuation?
 - Do they work on more than one solution with your lender?
 - What happens if they can't get it done?
- What is their company philosophy on loan modification
- What have been some of their successes?

- Have they had failures?
- What are their fees?
- Do they have a refund policy?
- What is their version of a successful negotiation result?

Write down these as well as any other questions you can think of, and ask away. If you don't feel comfortable with them, move on. You only get one bite at this apple, make sure it's a good one.

Types of Loan Modification Companies

1. Mortgage Banker / Broker
 - Costs generally \$1,000 - \$3,000
 - This is probably the least desirable type of company to use to work on your loan modification. Why would you use a mortgage company to negotiate your loan modification when these are the players who got you into trouble in the first place?
 - If you chose to use this type of company beware of slick sales pitches and attempts to collect large up front fees.
 - Get everything in writing and accept no verbal promises
 - If they tell you something and won't put it in writing don't bother with them
2. Loan Modification Company (non-attorney based)
 - Costs generally \$1,000 - \$3,000
 - Non-attorney based companies have less teeth than a company that utilizes the services of an attorney but cost less money to use
 - Depending on the origins of the company this could be a viable option
 - Remember to do your homework and ask a lot of questions
3. Loan Modification Company (attorney based)
 - Costs generally \$2,500 - \$7,000
 - These companies will usually use the services of an outside attorney to review loan documents and write letters on attorney letterhead
 - Attorney based companies have the force of implied threatened litigation behind them which enables them to gain the attention of your lender quickly
 - Remember this type of company is hiring an outside attorney, you could do the same thing
4. Loan Modification Company (attorneys on staff)
 - Costs generally \$5,000 - \$10,000
 - This is the toughest type of loan modification company

- On staff attorneys give this type of company the ability to threaten litigation and follow through on your behalf
- Be sure to probe the availability of legal services available here
- Many of these companies will function as your advocate up until the time that litigation actually becomes necessary, then have their on staff attorney take over the case for you, eliminating the need to find an attorney who is unfamiliar with your situation later on if needed
- This type of company has the added benefit of being able to have their attorney switch gears to dealing with foreclosure, or bankruptcy if needed
- The continuity of having the same familiar legal hands on your file from start to finish makes this a very attractive and cost effective option
- Be sure to iron out when the attorney on staff would take over the file, and what the charges for that end of the service would be

5. Law Offices

- Costs \$150 - \$450 per hour
- The average loan modification file can have 40 to 60 hours of work into it by completion $40 \times \$150 = \$6,000$ | $40 \times \$450 = \$18,000$
- You can see that this is by far the most expensive way of handling a loan modification
- If a principal reduction is your goal this could be well worth it
- This option also has the sharpest teeth, if the firm specializes in RESPA, HOEPA, TILA and other lending laws, you could come out way ahead
- Law Firm Letterhead will gain the attention of the lenders executives and move your file ahead of others at your bank
- Make sure at they have been in this area of practice for a long time prior to the down fall in the market. If you are going to pay an attorney make sure you are getting experienced, competent representation

Obviously the company that you choose to hire will make or break your loan modification. You should make absolutely certain the company you choose to hire is going to work on your loan modification with the dedication and determination you would bring to the table.

If you don't get the feeling that they will take your negotiations personally, don't hire them to work for you.

Remember if you are properly prepared and educate yourself you can have a professional do a loan document review/audit, prepare a report for you, and then take it from there yourself.

Chapter 3:

How to Modify My Loan

- . RESPA 6 - The "Qualified Written Request"
- . Sequence of The Negotiation Process
- . Buried Under a Mountain of Paperwork
- . Step by Step Instructions for Negotiating With Your Lender

RESPA

The Real Estate Settlement Procedures Act of 1974

Introduction

The Real Estate Settlement Procedures Act (RESPA) is a consumer protection statute, first passed in 1974. The purposes of RESPA are

1. To help consumers become better shoppers for settlement services and
2. To eliminate kickbacks and referral fees that, unnecessarily increase the costs of certain settlement services.

RESPA in general

RESPA covers loans secured with a mortgage placed on a one-to-four family residential property. These include most purchase loans, assumptions, refinances, property improvement loans, and equity lines of credit. HUD's Office of RESPA and Interstate Land Sales is responsible for enforcing RESPA.

The Power of RESPA on Loan Servicing Complaints

Section 6 provides borrowers with important consumer protections relating to the servicing of their loans. Under Section 6 of RESPA, borrowers who have a problem with the servicing of their loan (including escrow account questions), should contact their loan servicer in writing, outlining the nature of their complaint. ***The servicer must acknowledge the complaint in writing within 20 business days of receipt of the complaint. Within 60 business days the servicer must resolve the complaint by correcting the account or giving a statement of the reasons for its position.*** Until the complaint is resolved, borrowers should continue to make the servicer's required payment.

A borrower may bring a private law suit, or a group of borrowers may bring a class action suit, within three years, against a servicer who fails to comply with Section 6's provisions. Borrowers may obtain actual damages, as well as additional damages if there is a pattern of noncompliance.

RESPA Section 6 and The Loan Modification Process and The “Qualified Written Request”

Under RESPA section 6, a borrower can request all documents signed at closing, as well as a full accounting of the loan from inception. It is my opinion that this is where the loan modification begins. When your lender knows that you are planning a loan document review they get uneasy. For good reason, RESPA violations come with hefty fines and penalties. In addition RESPA violations can be a great cause of action for a civil lawsuit. Civil lawsuits subject banks to costly legal fees, possible fines, bad press and precedent setting court decisions that could cost them much more money down the road.

I will include a sample “Qualified Written Request” do not skip this step in the process; it could be the difference between a successful negotiation and a not so successful one.

Filing a RESPA complaint

Persons who believe a settlement service provider has violated RESPA in an area in which the Department has enforcement authority (primarily sections 6, 8 and 9), may wish to file a complaint. The complaint should outline the violation and identify the violators by name, address and phone number. Complainants should also provide their own name and phone number for follow up questions from HUD. Requests for confidentiality will be honored. Complaints should be sent to:

Director, Office of RESPA and Interstate Land Sales
US Department of Housing and Urban Development
Room 9154
451 7th Street, SW
Washington, DC 20410

SEQUENCE OF THE NEGOTIATION PROCESS

1. Call your lender and ask them to send you a mortgage payoff statement, this is a letter that tells you how much you would need to give the lender to completely pay off your loan, this letter also includes other details, like a breakdown of all monies owed, arrears, late fees, legal fees, etc...

This will help you when you are figuring out what you owe the lender, and calculating payments for your proposal. Many lenders will take a few days to get this to you, so order it right away.

2. Determine The Properties Value
 - www.comps.com
 - www.cyberhomes.com
 - www.zillow.com
 - www.propertyshark.com
 - Get a Local Realtor CMA
3. Get info on Loan Mod Policy of your lender
 - Call your lender and ask about their policies for loan modification
 - Call a few times so you get different people on the phone
 - Get their documentation requirements
4. Gather necessary documentation
 - Mortgage Payoff Statement
 - 1 Month of Paystubs
 - 2 months bank statements
 - IRA, 401K, or other retirement fund statements
 - Stocks, bonds and other assets
 - ALL of your MONTHLY bills
5. Prepare Monthly Income and Expense Letter
 - See samples in FORMS section of this book
6. Write Hardship / Loan Modification Proposal Letter
 - See samples in FORMS section of this book
7. Send out your RESPA 6 document request letter
 - See samples in FORMS section of this book
 - By fax and certified mail and e-mail
 - Get every fax number at your lender known to man, yes, in every department, office, nook and cranny in their company.
 - Get every e-mail address you can find at your lender
 - GOOGLE search for this info (your not sleeping at night anyway)

Now that you have a complete package it's time to plan your attack. If you followed my instructions above you are already light years ahead of most people who try to negotiate their own loan modification.

You should have already done the following:

- Received your mortgage payoff letter from the lender(s)
- Sent out your RESPA 6 document request and received the documents back from the lender

If you think you may have been the victim of predatory, deceptive lending practices you need to make a decision about whether or not you want to have the loan documents reviewed. Chances are if you have a sub-prime, ARM, or some other exotic twist on a mortgage your loan documents may have violations that a trained professional can identify. There are companies out there that will review your loan documents and give you back a report along with a letter that you can send your lender identifying the violations.

These violations if bad enough could warrant the involvement of an attorney to go after your lender with a lawsuit. If you are not sure, look for an attorney that specializes in TILA & RESPA laws. Not just a real estate attorney, someone who really works with these laws on a daily basis. Most attorneys will give you a free consultation to discuss your case. Bring them the documents along with the report if you have one.

If you go the attorney route, they will take it from there. You are probably done negotiating on your own behalf.

For those of you who want to go it on your own you are now as prepared as you can be.

Send your lender a COMPLETE package with everything they requested. If you do not have the ability to provide something they have asked for, write an explanation letter explaining why. If you can't provide documentation for income many banks will take an explanation letter.

- Send this information by fax and certified mail

Once your lender has a full package they will tell you how long it takes to process the paperwork. Take this information with a grain of salt. Make sure you call often, every 3 or 4 days until they appoint a negotiator that you can speak with. This is where your level of persistence will determine the length of time it takes to get a loan modification done.

If it is taking longer than 2 weeks to get your negotiator on the phone it is time to escalate your efforts up the corporate ladder. Write a letter of complaint and threaten to involve the local news, politicians and anyone else you can think of. Make sure this letter reaches everyone in the company by fax, and e-mail. Send it certified to the Office of the President of the company. Oh yeah did I mention how easy it is to find this information on the internet?

Once you get your negotiator on the phone you must be polite, but firm. They have the ability to help you get the best deal available.

You're almost there now, buckle in and get ready for the ride.

They're Buried Under a Mountain of Paperwork

It is important to understand that the people working for your lender in the loss mitigation department are employees. They're just trying to do their job. As more and more homes go into default, loss mitigation departments are being inundated with work. They say the average loss mitigation negotiator has more than 300 files that they are handling at any given point in time.

Remember YOU are the one who is in trouble. The way you treat people on the phone can directly affect whether or not you get a loan modification done. Be nice to them, they had nothing to do with causing your default. They are there to try to help you through the process of fixing your mortgage problem. Try not to take out your frustrations on them.

Be strong and persistent, just don't be rude. Remember they are overwhelmed also, and this is no picnic for them either. They are on the phone all day, every day talking to people who are losing their homes.

Once you have a negotiator this is even more important. Your negotiator is the one who handles your loan modification negotiation. He or she has the power to make or break your loan modification. If you get them working against you, your home could wind up being sold in a foreclosure sale.

Constant contact and follow-up are the keys to a successful loan mod negotiation. Take down names and employee id numbers every time you call. Make a chronological log (see the forms section) to keep track of every contact you make. You will be spending a lot of your time on the phone and on hold, and this process can take anywhere from 2 to 4 months. Take good notes about who you speak with and what is said, what documents you send and when you send them.

Don't worry your hard work will pay off. Foreclosure doesn't happen overnight, ask your lender for an estimation of what they project for a sale date. Loan modification doesn't happen overnight either.

Ask a lot of questions of the people you get on the phone. Rehearse what you are going to say when you are on hold. Visualize your calls going well and they will go well.

Knowledge is power, the more knowledge about the process you have the more in control you will feel.

Step by Step Instructions

1. Make your written request for documents under RESPA section 6

(See included sample letter) this will start the ball rolling. It will get the attention of the loss mitigation department. They will also begin to review these documents for errors to see if they have a problem. I have seen lenders send out an unsolicited loan modification agreement after getting one of these letters.

You should also consider having a professional loan document review done to determine if there are any errors or violations in your loan documents. If there are problems uncovered in these documents your chances of convincing your lender to modify your loan favorably will grow exponentially.

Whether or not you choose to have these documents reviewed it is important that you have copies anyway. The mere act of sending the request can make good things happen.

2. Order a Mortgage Payoff Statement

Call your lender and order a mortgage statement. This will tell you exactly how much you owe your lender as of today. Important information when you are calculating what your new mortgage loan amount and payments would be.

3. Do a Complete Budget Analysis

Using the income and expense worksheet included in the book do a realistic and thorough analysis of what comes in and what goes out.

Take great care to include EVERY monthly expense. DO NOT underestimate what you spend each month. It's important to get an accurate picture of your finances.

When it comes to your income, again it's important to include everything, wages, tips, rental income, even income that is contributed from other members of the family who live in the home.

Now do the calculations to see if you have a positive or negative. The bank is going to do this also, so it's important that these numbers make sense and justify your loan modification proposal.

The guidelines for most lenders will dictate that you have the ability to make the payment you have suggested in your loan modification proposal.

You may have to reconsider your expenses and see if you can make adjustments to your budget that will help you demonstrate an ability to make the payments.

Make sure you will be able to live with any expense adjustments; otherwise you will be setting yourself up for a fall later on down the road.

After reviewing your expenses and income it is quite possible that your lender will make suggestions regarding some of your expenses that they believe can be trimmed. Don't get pushed into agreeing on expense adjustments that will leave you short and unable to make your new mortgage payments. Stand your ground and insist on fairness.

You should have a very real number for what you feel you can afford for a monthly mortgage payment, this is going to be your "goal payment".

Make sure you are realistic when making your proposal. I suggest a proposal that outlines 3 options for the lender. You can get an idea for how to do this from the sample loan modification proposal included.

4. Gather all of your supporting documentation

- 1 month of paystubs
- 2 years tax returns
- 2 years W-2's or 1099's
- 6 month P & L statement (if self employed)
- 2 months of bank statements
- Supporting letters for other income
- Lease agreements for rental income
- Monthly Income Letter (see sample)
- Loan Modification Proposal (see sample)

5. You are now ready to contact your lenders loss mitigation dept.

They should already be aware of your desire to workout a loan modification from your RESPA 6 document request letter. They should also have notes all over your account regarding your RESPA 6 letter and their need to help you solve your problem.

They will tell you what documents they need. They may ask for you to provide financial information over the telephone.

At this stage you will be getting fax numbers for where to send documents. My philosophy is to gather as many fax numbers as you can for your lender, and fax everything you send them to every fax number you can. This increases the likelihood that your documents will get where they need to be.

You will need to start a contact log (see included sample) to keep track of your contact with the lender. Keep track of all contacts written and verbal. You will DEFINITELY need to use this information later on in the process.

Write down what they tell you about what documents they need.
ALWAYS follow up after sending documents to make certain that they have them. Always send documents by fax AND certified mail.

If you fail to follow up diligently they will lose documents, claim they never got them and worse. I have had representatives tell me they received documents and actually read them to me, only to have a representative at a later date insist that they never got them. In this situation it is important to stay calm and insist that they review the notes from the date when you confirmed the receipt of the documents.

The loss mitigation personnel working with you will appreciate a fully complete package.

Remember having times, dates, names and employee ID numbers along with notes on conversations you have had will come in handy, MAKE SURE you have them.

6. Constant and Consistent Contact

Consistent constant contact is the key to getting your loan modification done. Your lender may tell you “it takes 3 weeks” to assign a negotiator. Remember the squeaky wheel gets the grease. Call on a regular basis until they assign a negotiator for your file. Do not buy their timelines, just keep calling.

Call constantly to try to get the negotiator on the phone. Once you have a negotiator you are getting very close to being able to negotiate your loan modification.

7. Negotiate, Negotiate, Negotiate

When it comes to loan modification the three most important words are negotiate, negotiate, negotiate. Be patient, be persistent, and don't take no for an answer. If you feel like you're getting nowhere, ask for a supervisor. If you aren't getting anywhere with a supervisor track down the president of the company and contact their office, by fax, phone, certified mail, and e-mail. A barrage of contact from every angle will surely get the attention of the executive office. Let them know you really want to solve your problem, even if it means having to enlist help from politicians, newspapers etc...

Don't forget in your correspondence this IS YOUR problem. It isn't there fault, take responsibility and ask for their help. If your request is reasonable you will be able to accomplish your “goal payment” amount.

The most important part of the negotiation is preparation and presentation. A complete accurate loan modification proposal package will get you farther than any conversation on the phone.

8. What Happens Next?

Your lender is going to accept or deny your loan modification.

If they approve a loan modification, make sure it something that you want. It makes no sense to accept a new payment or terms that are only going to put you back in the hole again. If you don't like what you have been offered, keep negotiating, you don't have to accept the first thing they throw on the table.

If you have been declined for a loan modification, ask why. Sometimes no doesn't mean no, it just means they need more information. Make sure you know what the reasons are if they deny your request.

If the no you receive is final it may be time seek professional help.

9. Signing the Modification Agreement

Make absolutely certain you fully understand the modification agreement. Check all of the calculations. Make sure that, loan balance, interest rates, payments, amortization, and terms are correct.

I suggest you have an attorney review the agreement prior to signing. Most loan modification agreements have conditions that wipe out your ability to go back after your lender for violations in the original loan. Before giving up this right make sure you have an attorney look at the agreement.

I also suggest that you obtain tax advice from an accountant. If you have had any debt forgiven, there may be tax implications.

Now that you have successfully negotiated your own modification, please take a moment to write to me and tell me your story.

I take great pleasure from reading these letters and sharing them with people in the same situation, it gives them hope.

Chapter 4:

How to Develop a Loan Modification Proposal

- . Putting Together the Loan
Modification Proposal

How to Put Together a Loan Modification Proposal

Once you have completed assembling your documentation and working through your income and expenses, you will be ready to put together a loan modification proposal.

This is not a difficult process if you are prepared. I have included some samples for you to work from.

It is important to follow the steps outlined in this book prior to contacting your lender. You should have everything assembled and completed so that you submit it right away after contacting the loss mitigation department.

Stacking Order

The industry term for what documents go where in the package is referred to as “stacking order”. If your documents are in the proper stacking order when submitted it will save the loss mitigation personnel time and help their attitude when dealing with your file. It will also bolster your chances of being approved because they will know that you have done your homework.

Although some of this may be repetitive I will list the order below:

Previously submitted and/or received

1. RESPA 6 “Qualified Written Request for Documents”
2. Mortgage Payoff Letter from your lender

Order of Submittal for New Documents (Stacking Order)

1. Hardship / Loan Modification request letter (sample included)
2. Loan Modification Proposal (sample included)
3. Monthly Income and Expense Letter (sample included)
4. Income documentation
 - a. 1 months recent paystubs
 - b. 2 years W2's
 - c. 2 years tax returns if self employed or if requested by lender
 - d. 2 months bank statements (if they see large amounts of money in your accounts they will expect you to hand it over)
 - e. CMA, appraisal or other value assessment

Remember your lender is currently overwhelmed with loan modification requests. The ones that are complete move through the process quickly. Requests that are not neat and put together properly are pushed aside awaiting more information. The easier you make it for them to review your file, the better your chance of getting a favorable modification is. Listing all attachments in the order they are included will help them to review your file easily.

I suggest making certain you understand the process thoroughly and review your package completely before you move into this phase of the process.

When developing numbers for your loan modification proposal make sure your request makes sense, and is reasonable. Most lenders will allow you to keep a certain amount of disposable income for incidental unexpected expenses that arise from time to time like automobile repairs, medical co-payments, prescriptions, home repairs, school functions or trips, etc. Banks will usually allow disposable income in the range of 10% - 15%.

I like to work with net income (after taxes) when providing calculations to the lender. This is the total amount of money on hand to pay monthly bills after taxes are taken out of your pay. In other words this is your “take home pay”.

Remember your “goal payment” during this stage of the process. Don’t forget this is a negotiation between you and your lender. Knowing what you expect to get in the end will help you to develop your proposal.

Your total net income after taxes, minus your expenses is what you’re going to use to calculate your “goal payment”. Remember to exclude your current mortgage payment when doing this calculation so that you have a good idea of what is left to make a new mortgage payment. Be reasonable, you want your loan modification proposal and the supporting documents to make sense.

Make sure you include real estate taxes and insurance in your payments. Work with the numbers in to find an interest rate that will work with the property value / new loan amount you have placed on your proposal.

Remember that you have to support any and maybe all of your information with documentation. Some of this documentation may be as simple a letter stating where undocumented income is coming from, or it could be as complicated as a Profit and Loss statement for a self employed business owner.

Make sure you include the following information on EVERY PAGE you send to the bank:

- **Loan Number(s)**
- **Borrower(s) name(s)**
- **Property Address**

The amount of paperwork hitting the lender on a minute by minute basis would blow your mind; make sure if one of your documents gets misplaced it will be easy for someone who picks it up to find the file it belongs to.

Chapter 5:

Forms and Worksheets

- | | |
|--|---------------------------------------|
| ❖ Example Loan Modification Proposal | ❖ Example Contact Log |
| ❖ Loan Modification Proposal | ❖ Sample Complaint Letters |
| ❖ Income and Expense Worksheet with Instructions | ❖ Forensic Loan Review Checklist |
| ❖ Example RESPA 6 "Qualified Written Request" | ❖ Sample Undocumented Income Letter |
| ❖ Example Hardship/Loan Modification Request Letters | ❖ Sample Loan Modification Agreements |
| ❖ Lender Contact Log | ❖ Personal Financial Statement |

Loan Modification Form List

List of Forms:

- Income and Expense Worksheet with Instructions
- Example Income vs. Expense Worksheets
- Loan Modification Proposal
- Example Loan Modification Proposal
- Example RESPA 6 “Qualified Written Request”
- Example Hardship/Loan Modification Request Letters
- Lender Contact Log
- Example Contact Log
- Sample Complaint Letters
- Forensic Loan Review Checklist
- Sample Undocumented Income Letter
- Sample Loan Modification Agreements
- Personal Financial Statement

My comprehensive library of forms will help you to put together a loan modification package that will gain the attention and respect of your lender and there loss mitigation minions. By creating a well organized and prepared loan modification request you will help your bank to make a favorable decision. When a homeowner has the knowledge needed to develop a proper loan modification proposal the lender will be more amenable to granting a more advantageous modification.

Never underestimate the power of knowledge. Never forget the lender is only interested in their best interest. If you study this program and put it to work, your lender will reward you with the mortgage payment of your dreams.

A well organized set of documents will let your lender know you are a serious committed homeowner who just happened to get caught in a bad situation. This is the type of homeowner who can achieve what they want because they have convinced the lender that they are a good investment. A good investment beats a bad non performing loan every time.

Let them know you are knowledgeable, informed and easy to deal with. But don't let them push you around. They put you in a bad loan the first time, you are just giving them the opportunity to correct it and avoid costly litigation!

Loan Modification Proposal for:

Loan Number

5551212

Borrower

John & Jane Doe

Property Address

123 Main St

City, State, Zip code

Anywhere USA

Current Existing Balance:	
(From Lenders Payoff letter)	\$500,000.00
Current Fair Market Value / Proposed	
Principal Balance:	
(From your value assesment)	\$405,000.00
Principal Balance Reduction:	\$95,000.00

1099 amount from lender:	
(NEVER agree to any form of taking on the balance that is being forgiven as your responsibility)	None

Current interest Rate:	
(From lender payoff letter or Mortgage statements)	7.75%
Requested Fixed Interest Rate:	5.50%

Amortization Remaining:	27 years
Requested Amortization:	30 years

(Find a simple online mortgage calculator)	
Previous Payment:	
(From Mortgage statements)	\$3,582.00
New Payment:	\$2,300.00

(Info from Income & Expense worksheet)	
Disposable Income Prior to Modification:	-\$425.00
Disposable Income After Modification:	\$857.00

(Do your research here and supply info)	
Comparable Homes	
Liquidated Foreclosure Value:	\$335,000.00
Timeframe to Foreclose in your State :	10 to 18 months

Late Fees/ Penalties:	Waived
	Included in New Principal
Arrears / Past Due Balance:	Balance above

Payment to accompany loan modification agreement (Downpayment)	\$2,300.00
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Deferment of payments/ forbearance	
Next Payment Date:	
(Suggest 3 Months - This is a negotiation)	October 1st, 2008

Loan Modification Proposal

Loan Number	5551212
Borrower	John & Jane Doe
Property Address	123 Main St
City, State, Zip code	Anywhere USA
Current Existing Balance:	\$530,000.00
Current Fair Market Value / Proposed	
Principal Balance:	\$330,000.00
Principal Balance Reduction:	\$200,000.00
1099 from lender	None
Current interest Rate:	9.90%
Requested Fixed Interest Rate:	5.50%
Amortization Remaining:	28 years
Requested Amortization:	30 years
Previous Payment:	\$3,500.00
New Payment:	\$2,240.00
Disposable Income Prior to Modification:	\$12.00
Disposable Income After Modification:	\$354.00
Comparable Homes	
Liquidated Foreclosure Value:	\$265,000.00
Timeframe to Foreclose in your State :	10 to 18 months
Late Fees/ Penalties:	Waived
Arrears / Past Due Balance:	Included in New Principal Balance above
Payment to accompany loan modification agreement / downpayment	\$2,240.00
Deferment of payments/ forbearance	
Next Payment Date:	October 1st, 2008

Loan Modification Proposal

Loan Number

Borrower

Property Address

City, State, Zip code

Current Existing Balance:

Current Fair Market Value / Proposed

Principal Balance:

Principal Balance Reduction:

1099 from lender

Current interest Rate:

Requested Fixed Interest Rate:

Amortization Remaining:

Requested Amortization:

Previous Payment:

New Payment:

Disposable Income Prior to Modification:

Disposable Income After Modification:

Comparable Homes

Liquidated Foreclosure Value:

Timeframe to Foreclose in :

Late Fees/ Penalties:

Arrears / Past Due Balance:

Payment to accompany loan modification
agreement / downpayment

Deferment of payments/ forbearance

Next Payment Date:

Income and Expense Spreadsheet

MONTHLY INCOME:		
Borrowers monthly net Income	\$0.00	
Other Income (Co Borrowers Income)	\$0.00	
Other Income	\$0.00	
Other Income (Apt. Rentals)	\$0.00	
Other Income	\$0.00	
TOTAL INCOME:	\$0.00	

EXPENSES:		
Mortgage Pmt	\$0.00	
Principal & Interest only	\$0.00	
2nd mtg	\$0.00	
Taxes	\$0.00	
Insurance	\$0.00	
Telephone / Cable	\$0.00	
Cell Phone	\$0.00	
Utilities Gas/Oil/Elect.	\$0.00	
Electricity	\$0.00	
Water	\$0.00	
Food	\$0.00	
Medical Bills	\$0.00	
Insurance Auto	\$0.00	
Transportation / Gasoline	\$0.00	
Life Insurance	\$0.00	
Credit Cards	\$0.00	
Clothing	\$0.00	
Auto Loans	\$0.00	
Other	\$0.00	
Other	\$0.00	
Other	\$0.00	
Other	\$0.00	
Other	\$0.00	
Total Income	\$0.00	
Total Expenses	\$0.00	
		Current Monthly Surplus
		\$0.00

Make sure to include all income.
If you have undocumented income that is not needed to qualify for the loan modification proposal, you may not have to go through the trouble of putting it down here.
However if that income is necessary for qualifying to make the "goal payment" then you should include it and write a letter explaining the income.
(see sample letter included with book)
Some lenders will create a virtual nightmare for you when it comes to using undocumented income. It may be necessary to leave it out of your calculations, if you absolutely need it to qualify then fight hard to use it.

Total Income MINUS Total Expenses EQUALS Monthly Surplus.
You should calculate this number 2 ways. First using ACTUAL numbers.
Second using your "Goal Payment". If your income and expense sheet shows the lender that AFTER the new payment you will have a Monthly Surplus of 10% - 15%, that will be in line with most lender guidelines.
You are now ready to plug these number into your "Monthly Income Letter".

Income and Expense Worksheet

MONTHLY INCOME:		
Borrowers Monthly Net Income		
Other Income (Co Borrowers income)		
Other Income (Apt. Rentals, garage rental, etc..)		
Other Household Income		
TOTAL INCOME:		
EXPENSES:		
Mortgage Payment		
2nd Mortgage Payment		
Real Estate Taxes Included Y or N		
Homeowners Insurance Included Y or N		
Telephone		
Cell Phone		
Cable / Internet		
Heating Oil - Natural Gas		
Electricity		
Trash / Sewer		
Water		
Groceries		
Auto Loans		
Auto Insurance		
Gasoline		
Tolls - Parking		
Transportation - Trains / Buses		
School Tuition		
Clothing		
Loans		
Credit Cards		
Other:		
Other:		
Other:		
Other:		
Other:		
Total Income		
Total Expenses		
Current Monthly Surplus		

Income and Expense Worksheet

MONTHLY INCOME:		
Borrowers Monthly Net Income		\$4,500.00
Other Income (Co Borrowers income)		\$1,800.00
Other Income (Apt. Rentals, garage rental, etc..)		\$0.00
Other Household Income		\$0.00
TOTAL INCOME:		\$6,300.00
EXPENSES:		
Mortgage Payment		\$3,458.00
2nd Mortgage Payment		
Real Estate Taxes	Included Y or N	\$478.00
Homeowners Insurance	Included Y or N	\$96.00
Telephone		\$125.00
Cell Phone		\$65.00
Cable / Internet		\$95.00
Heating Oil - Natural Gas		\$210.00
Electricity		\$135.00
Trash / Sewer		\$41.00
Water		\$35.00
Groceries		\$460.00
Auto Loans		\$332.00
Auto Insurance		\$178.00
Gasoline		\$300.00
Tolls - Parking		\$225.00
Transportation - Trains / Buses		\$0.00
School Tuition		\$0.00
Clothing		\$90.00
Loans		\$198.00
Credit Cards		\$140.00
Other:		
Other:		
Other:		
Other:		
Other:		
Total Income		\$6,300.00
Total Expenses		\$6,661.00
Current Monthly Surplus		-\$361.00

Loan Number:
Borrower(s):
Subject Property:

MONTHLY INCOME:			BALANCES
Borrowers monthly net Income		\$	
Other Income (Co Borrowers income)		\$	
Co Borrowers other income		\$	
TOTAL NET INCOME:		\$	
EXPENSES:			
Mortgage Pmt	\$		\$
2nd Mortgage Pmt	\$		\$
Taxes (NOT Incl. in Mtg.)	\$		
Homeowners Insurance (NOT Incl. in Mtg.)	\$		
Telephone	\$		
Cell Phone	\$		
Gas/Oil	\$		
Electricity	\$		
Trash / Sewer	\$		
Food	\$		
Water	\$		
Auto Insurance	\$		
Transportation / Gasoline	\$		
School Tuition	\$		
Cable / Internet	\$		
Clothing	\$		
Auto Loans	\$		\$
Credit Cards	\$		\$
Total Income		\$	
Total Expenses	\$		Current Monthly Surplus
Income – Expenses	= Monthly Surplus	→	\$

The undersigned hereby state that the income and expenses as outlined above are accurate as of this date.

X _____

X _____

MONTHLY INCOME:

Borrowers monthly net Income	\$5,000.00
Other Income (Apt. Rentals)	\$1,000.00
Other Income (Co Borrowers income)	\$0.00
TOTAL INCOME:	\$6,000.00

EXPENSES:

Mortgage Pmt	\$3,927.00
2nd mtg	\$0.00
Taxes INCLUDED	\$202.58
Insurance INCLUDED	\$110.00
Telephone / Cable	\$75.00
Cell Phone	\$50.00
Utilities Gas/Oil/Elect.	\$310.00
Electricity	\$0.00
Trash / Sewer	
Food	\$400.00
Medical Bills	\$0.00
Insurance Auto	\$300.00
Transportation / Gasoline	\$350.00
Life Insurance	\$0.00
Credit Cards	\$0.00
Clothing	\$50.00
Auto Loans	\$500.00
	\$0.00

Total Income		\$6,000.00	
			Current Monthly Surplus
Total Expenses	\$5,962.00		\$38.00

MONTHLY INCOME:

Borrowers monthly net		
Income	\$1,260.00	
Mr. Grant income	\$1,510.00	
Other Income (Co		
Borrowers income)	\$1,690.00	
TOTAL INCOME:	\$4,460.00	
		\$4,460.00

EXPENSES:

Mortgage Pmt	\$2,570.67	
2nd mtg	\$0.00	
Taxes & Insurance Incl.		\$447.34
Insurance		\$0.00
Telephone / Cable	\$0.00	
Cell Phone	\$100.00	
Utilities Gas	\$200.00	
Electricity	\$100.00	
Water	\$0.00	
Food	\$300.00	
Medical Bills	\$0.00	
Insurance Auto	\$0.00	
Transportation / Gasoline	\$100.00	
Life Insurance	\$0.00	
Credit Cards	\$186.00	
Clothing	\$50.00	
Child Support Payments	\$650.00	
Cable	\$70.00	

Total Income	\$4,460.00	
		Current
		Monthly
Total Expenses	\$4,326.67	Surplus
		\$133.33

**Loan
Number: 112233445566**

**Borrower(s):
John & Jane Doe**

**Subject
Property:
123 Main Street
Anywhere, USA 12345**

MONTHLY INCOME:

BALANCE

Borrowers Monthly Net Income	\$4,025.36
Other Income (Co Borrowers income)	\$3,054.00
Rental income	\$2,000.00
TOTAL NET INCOME:	\$9,079.36

EXPENSES:

Mortgage Pmt	\$3,895.94	\$535,000.00
2nd Mortgage Pmt	\$1,077.23	\$132,000.00
Taxes (NOT Incl. in Mtg.)	\$353.00	\$0.00
Homeowners Insurance (NOT Incl. in Mtg.)	\$138.00	\$0.00
Telephone	\$40.00	
Cell Phone	\$110.00	
Gas/Oil	\$200.00	
Electricity	\$150.00	
Trash / Sewer		
Food	\$900.00	
Water	\$30.00	
Auto Insurance	\$399.00	
Transportation / Gasoline	\$640.00	
School Tuition	\$0.00	
Cable / Internet	\$150.00	
Clothing	\$75.00	
Auto Loans	\$849.00	\$42,000.00
Credit Cards	\$0.00	\$0.00

Total Income	\$9,079.36
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Total Expenses	\$9,007.17
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Current Monthly Surplus \$72.19
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The undersigned hereby state that the income and expenses as outlined above are accurate as of 00/00/2008.

X

X

Impossible Lender
12345 SW Any Street
Anywhere, US 12345

Re: Loan # 1122334455
Borrower: John & Jane Doe
Property
Address: 123 Any Street
 Anywhere, USA 12345

This is a "Qualified Written Request" under Section 6 of the Real Estate Settlement Procedures Act (RESPA).

We are writing to request:

(1) Copies of all documents pertaining to the origination of our mortgage including our loan application, Right to Cancel, Deed of Trust, note, adjustable rate note, addendum to the note for the interest only payment period, Truth in Lending statements, Good Faith Estimate (GFE), HUD 1, appraisal, and all required disclosures and rate sheets associated with this transaction for the above referenced loan. The copies should be legible and all documents shall be copied in their entirety.

(2) A copy of the loan history including all payments made, all fees incurred, what has been paid out of the escrow account, and how all payments were applied. This information should cover the entire life of the loan.

(3) Please forward ALL of the requested documents to us at:

**John & Jane Doe
123 Any Street
Anywhere, USA 12345**

We have reason to believe that the loan terms were misrepresented to us at the time of application and further obscured and possibly modified prior to signing. We believe that our income may have been inflated on the application. We also have reason to believe that certain statements were not provided for our approval prior to closing, and that signatures may have been forged on various documents. It is also our belief that certain documents may have not been presented at all.

As you are aware we have fallen behind in payments.

Our home is currently valued at less than we owe your bank, making it impossible to refinance or sell.

We started the process of trying to renegotiate this loan in January 2008 when we spoke with your loss mitigation department. On 1/03/08, we faxed a letter of hardship, along with bank statements and pay stubs as requested. I was advised that someone would contact me within 7-10 working days and there would be no problem getting assistance to bring the account current and capitalize the arrears and negative escrow. On 2/10/08, I called back, as I hadn't heard from anyone. I was told my payment was going to be \$2,300.00. I hung up the phone in despair and in tears. If we could make a payment of \$2,300.00 we would not be delinquent.

Since January I have again spoken to the loss mitigation department, Home Retention, Work Out Department, and any one else who would listen. I have involved 995HOPE as well as a number of other not for profit agencies.

The situation is urgent. YOUR BANK can not continue to drag there feet in this process. We do not want to see our home going into foreclosure we want to find a solution pleasing to YOUR BANK, ourselves, as well as the investors that hold the loan. It would behoove all parties to come to amicable solution today!!!

We are very proactive in keeping our family home. We do not want to loose it, nor do we have to, we can make a reasonable payment.

We have been given the runaround by the voice recognition call routing system on numerous occasions. We have talked to various agents with different versions of what the loan modification process really entails. The customer service provided to us to date has been less than adequate.

We want copies of EVERY document we have ever signed with your company along with a full accounting of our loan from it's inception.

Let this letter serve to document our request to have my communications responded to in a timely manner.

I can be reached at 555-1212 whenever YOUR BANK wishes to contact us. If we are not available we will call you back promptly if a message is left with the phone number and extension that we can actually call and get thru on. Our email address is Modify Our Loan@EMail.com, and this is probably the quickest way to contact us.

We understand that under Section 6 of RESPA you are required to acknowledge our request within 20 business days and must try to resolve the issue within 60 business days.

In closing we are not trying to get out of paying anything only having the loan modified and the interest rate lowered. We are not looking for a short term band-aid. We want a payment we know we can live with, one that will not get us into trouble again.

Sincerely,

Uncooperative Lending Inc.

123 Corporation Drive

Anywhere, USA 12345-6789

Tel: 800-555-1212

Fax: 800-555-1515

Attn: **John Smith**

Chief Executive Officer / Managing Director

Re: Loan #001122334455

Borrower: John Doe

Property

Address: 123 Main Street – Anywhere, USA, 12345

Mr. Smith,

I am writing to ask for your help.

I have gone around and around with (bank name) regarding our loan and catching up to avoid foreclosure. I have gone through a considerable amount of trouble and feel like I am getting nowhere. The qualities of the people I have had to deal with so far at (bank name) have been less than stellar at helping your clients in distress.

EXPLAIN YOUR PROBLEM BELOW

I thought that I had my problem solved when one of your representatives told me that I qualified for a loan modification and that the rate would be 6% fixed for 30 years.

I was also told BLAH, BLAH, BLAH. When I questioned your representative Mr. Jones I was told not to worry about BLAH, BLAH, BLAH because BLAH, BLAH, BLAH.

Well today is (DATE GOES HERE) and it is getting dangerously close to the payment coming due, meaning an ultimate default since I can't afford another \$6,000.00 payment, nor was I made to expect one by your representatives. I scrimped and scraped to pull together those "good faith" payments.

After many, many phone calls and hours dealing with your loss mitigation people, my patience and hopes have worn thin.

Perhaps this is why the banks are in such trouble today. Lying to clients about programs and rates to get them to sign documents that don't say what they were told is cruel and should be illegal.

I want to keep my home, but your people seem hell bent on moving towards a foreclosure. As I previously explained to your people my home is no longer worth what it was, and is in fact currently worth less than what I owe you.

Your representative (Mr. Jones) was very co-operative and I believed him when he gave me hope. To find out now that what he told me was nothing more than a lie to collect more money is very disappointing.

I have attached some of the pertinent documentation that we have provided to date.

Please help!!

You can reach me at:

Home: 555-1212

Cell: 555-1212

E-mail: INeedHelp@EMail.com

AnyBank
123 Main Street
Anywhere, USA 12345

Attn: Home Retention Dept.

Re: Account # 1122334455
Borrowers: John & Jane Doe

Property
Address: 123 Main Lane Anywhere, USA 12345

We are writing to request that you consider a modification of our current mortgage loan so that we can continue to make payments.

We have tried to analyze our own situation objectively, and we believe that a combined monthly mortgage payment of no more than \$4,500.00 including Taxes and Insurance would allow us to keep current on our mortgage and our other necessary obligations.

We are long-time homeowners and are committed to staying in our home if we can work out terms that are practical for both of us.

When we purchased our home in June 2006, we made the mistake of believing our broker that we could refinance it in a year or two BEFORE the ARM adjustment to lower the interest rate and payments.

After making the first 1 ½ years of payments on time, we contacted our original broker again to apply for a refinance. We were told that we did not qualify because the market has changed and the property value is no longer there.

We have also been advised by AnyBank as well as a number of different banks and mortgage companies that the current value of our home is now lower than the current outstanding loan amount, and refinancing at this time is not possible.

We have even considered selling, but a number of local Realtors have confirmed the value problem outlined above. We have been told that the home would currently sell for \$550K - \$575K. Not enough to pay off our loans.

We have contacted several "loan modification" services and a few attorneys.

We do not like what we have heard so far. We have been advised by an attorney that we could file a bankruptcy, contest the loan documents and closing, eliminate the 2nd mortgage, along with a number of other ways to stay in the home. We do not want to attempt those things at this point.

We really do want to stay in our home and hope that we can come up with a solution that will allow us to do so.

It appears that the only way we can lower our payments to a tolerable level is to request a modification.

We have crunched the numbers and have come up with a few scenarios that might work. Please review our attached loan modification proposal.

Over the past year our combined incomes have begun to drop substantially. My wife gave birth to a baby and has not been able to go back to work. My hours have been cut due to the slowing economy. I have begun working part time in security to augment my income.

We know that we could make the payments outlined in the attached proposal and hope to be able to work this out with your company.

In the meantime our current combined income is \$8,479 per month. Our monthly expenses are \$9,007 per month.

As you can see by the attached income statements, prior to the hike in our ARM we were barely scraping by. Now with the \$600 increase in monthly payments we can't keep up.

Please help, we truly want to save our home from foreclosure.

Thank you,

AnyBank
123 Main Street
Anywhere, USA 12345

Attn: Home Retention Dept.

Re: Account # 1122334455
Borrowers: John & Jane Doe

Property
Address: 123 Main Lane Anywhere, USA 12345

I am writing to request that you consider a modification of my delinquent mortgage loan so that I can continue to make payments.

I have tried to analyze my own situation objectively, and I believe that a monthly mortgage payment of no more than \$4,800.00 including Taxes and Insurance would allow me to keep current on my mortgage and other necessary obligations.

I am a long-time homeowner and am committed to staying in my home if we can work out terms that are practical for both of us.

When I purchased my home in July 2007, I made the mistake of believing my broker that I could refinance it in a year or two to lower the interest rate and payments.

I also made the mistake of believing that my tenants would always pay their rent. Well, I had tenants who did not pay their rents and in New York City it is nearly impossible to evict such a tenant. As a result I got in over my head and could not make the payments.

I contacted my original broker again to apply for a refinance. I was told that I did not qualify because the market has changed and the property value is no longer there.

I have also been advised by a number of different banks and mortgage companies that the current value of my home is now lower than the current outstanding loan amount, and refinancing at this time is not possible.

I have even considered selling, but a number of local Realtors have confirmed the value problem outlined above. I have been told that the

home would currently sell for \$550K - \$560K. This is not enough to pay off my loan.

I have contacted several "loan modification" services and a few attorneys.

I do not like what I have heard so far. I have been advised by an attorney that I could file a bankruptcy, contest the loan documents and closing, reduce the principle amount of the mortgage, along with a number of other ways to stay in the home. I do not want to attempt those things at this point.

I really do want to stay in my home and hope that we can come up with a solution that will allow me to do so.

It appears that the only way I can lower my payments to a tolerable level is to request a modification.

I have crunched the numbers and have come up with a few scenarios that might work. Those payments are outlined in the attaché loan modification proposal.

Over the past year my income had begun to drop substantially. I was out of work for a time but have since regained my employment and have begun working more hours to increase my income. I have also replaced deadbeat tenants with tenants who are credit worthy and pay their rents on time. My son has moved in with me and is contributing \$2,300.00 per month to the household bills.

I know that we could make the payments outlined above and hope to be able to work this out with your company.

In the meantime my current household income is \$7,900.00 per month. My monthly expenses are \$7,700 per month. Any little bump in the road causes us difficulties in making the payments.

Please help me to figure out how to keep my home.

Thank you,

**AnyBank
123 Main Street
Anywhere, USA 12345**

Attn: Home Retention Dept.

**Re: Account # 1122334455
Borrowers: John & Jane Doe**

**Property
Address: 123 Main Lane Anywhere, USA 12345**

We are writing to request that you consider a modification of our delinquent mortgage loan so that we can continue to make payments.

We have tried to analyze our own situation objectively, and we believe that a monthly mortgage payment of no more than \$3,200.00 including Taxes and Insurance would allow us to keep current on our mortgage and other necessary obligations.

We are long-time homeowners and are committed to staying in our home if we can work out terms that are practical for both of us.

When we refinanced our home in March 2007, we made the mistake of believing our mortgage broker that we could refinance it in a year or two to lower the interest rate and payments. We did not realize that we had an adjustable rate loan and the payments could go up at a later date.

After making the first 1 ½ years of payments on time, we contacted our original broker again to apply for a refinance. We were told that we did not qualify because the market has changed and the property value is no longer there.

We have also been advised by a number of different banks and mortgage companies that the current value of our home is now lower than the current outstanding loan amount, and refinancing at this time is not possible.

We have even considered selling, but a number of local Realtors have confirmed the value problem outlined above. We have been told that the home would currently sell for \$420K - \$425K. Obviously this is not enough to pay off our loan.

We have contacted several "loan modification" services and a few attorneys.

We do not like what we have heard so far. We have been advised by an attorney that we could file a bankruptcy, contest the loan documents and closing, look for banking violations, and reduce the principle amount of the mortgage, along with a number of other ways to stay in the home. He has also advised that we may have been scammed into an adjustable rate loan by our broker and may be able to sue him and the bank.

We do not want to attempt those things at this point.

We really do want to stay in our home and hope that we can come up with a solution that will allow us to do so.

It appears that the only way we can lower our payments to a tolerable level is to request a modification.

We have crunched the numbers and have come up with a scenario that might work. The payments are outlined in the attached loan modification proposal.

Over the past year we have struggled as my wife was hospitalized for a time and we lost her income. Recently I have begun to work side jobs to help increase my income.

I know that we could make the payments outlined in our proposal and hope to be able to work this out with your company.

In the meantime my current household income is \$7,675.00 per month. My monthly expenses are \$7,615.00 per month. As you can see any little bump in the road causes us difficulties in making the payments.

Please help us to work out a solution that will work to help us stay in our home.

Thank you,

**AnyBank
123 Main Street
Anywhere, USA 12345**

Attn: Loss Mitigation

Re: Account # 1122334455

Borrowers: John & Jane Doe

**Property
Address: 123 Main Lane Anywhere, USA 12345**

We are writing to request that you consider a modification of our delinquent mortgage loan so that we can continue to make payments.

We have tried to analyze our own situation objectively, and we believe that a monthly mortgage payment of no more than \$4,000.00 including Taxes and Insurance would allow us to keep current on our mortgage and our other necessary obligations.

We are long-time homeowners and are committed to staying in our home if we can work out terms that are practical for both of us.

When we purchased our home in August 2005, we made the mistake of believing our broker that we could refinance it in a year or two to lower the interest rate and payments.

After making the first 1 ½ years of payments on time, we contacted our original broker again to apply for a refinance. We were told that we did not qualify because the market has changed and the property value is no longer there.

We have also been advised by a number of different banks and mortgage companies that the current value of our home is now lower than the current outstanding loan amount, and refinancing at this time is not possible.

We have even considered selling, but a number of local Realtors have confirmed the value problem outlined above. We have been told that the home would currently sell for \$450K - \$460K. Not enough to pay off our loans.

We have contacted several "loan modification" services and a few attorneys.

We do not like what we have heard so far. We have been advised by an attorney that we could file a bankruptcy, contest the loan documents and closing, eliminate the 2nd mortgage, along with a number of other ways to stay in the home. We do not want to attempt those things at this point.

We really do want to stay in our home and hope that we can come up with a solution that will allow us to do so.

It appears that the only way we can lower our payments to a tolerable level is to request a modification.

We have crunched the numbers and have come up with a scenario that might work. I have attached a loan modification proposal developed after meeting with my attorney.

Over the past year our income had begun to drop substantially. I was laid off for a time but have since regained my employment and have begun working part time elsewhere to increase my income. My wife has also begun cleaning homes to bring in some extra income.

We know that we could make the payments outlined above and hope to be able to work this out with your company.

In the meantime our current income is \$8350 per month. My monthly expenses are \$8250 per month. Any little bump in the road causes us difficulties in making the payments.

Please contact us at your earliest convenience to discuss how we can resolve this problem.

Thank you,

Lender Contact Log

Bank Phone _____ Loan # _____

Negotiator(s): _____ Phone: _____

Date _____ Day _____ Time _____ Contact _____

Outcome _____

Date _____ Day _____ Time _____ Contact _____

Outcome _____

Date _____ Day _____ Time _____ Contact _____

Outcome _____

Date _____ Day _____ Time _____ Contact _____

Outcome _____

Date _____ Day _____ Time _____ Contact _____

Outcome _____

Lender Contact Log

Bank Phone 1-800-555-1212

Loan # 11223345

Negotiator(s): Susan Jones

Phone: 777-555-1212
EXT. 4500

Date 6-25-08 Day Tues. Time 9 AM Contact Cust. Service ^{JEFF} emp. ID # 5051

Outcome Requested mortgage payoff letter good through 7-31-08. Will take 3-5 days to receive. Also Faxed RESPA 6 letter to 800-555-1111- Sent by Cert. Mail also Return Receipt-

Date 7-1-08 Day wed Time NOON Contact Via Mail-

Outcome Received payoff letter

Date: 7-3-08 Day: Friday - Received return receipt for RESPA 6 Letter.

Date 7-6-08 Day Monday Time 9:30 AM Contact Loss Mitigation ^{Carol} emp. ID # CD07

Outcome Discussed back pmts, loan Modification. Carol requested 2 paystubs, 2 Bank Statements, W-2's, Hardship letter. After Receipt of everything 3-4 weeks To Process

Date 7-6-08 Day Monday Time 11: AM Contact Via Fax & Cert Mail

Outcome Sent Hardship/Loan Mod Request letter, Loan Mod Proposal, 2 pay stubs, 2 W-2's, 2 Bank Statements, Extra income letter, Copy of lease for Basement apt, Monthly income letter.

Date 7-10-08 Day Friday Time 1pm Contact Cust. Serv. ^{Judy} emp. ID # JL

Outcome Confirmed receipt of Docs - 7/4-08 - Receipt for Cert. Mail - Docs

Date - 7-17-08 Day: Friday 10 AM Susan Jones - Negotiator
Needs a week or so to Complete review

Uncooperative Lending Inc.

123 Corporation Drive

Anywhere, USA 12345-6789

Tel: 800-555-1212

Fax: 800-555-1515

Attn: **John Smith**

Chief Executive Officer / Managing Director

Re: Loan #001122334455

Borrower: John Doe

Property

Address: 123 Main Street – Anywhere, USA, 12345

Mr. Smith,

I am writing to ask for your help.

I have gone around and around with (bank name) regarding our loan and catching up to avoid foreclosure. I have gone through a considerable amount of trouble and feel like I am getting nowhere. The qualities of the people I have had to deal with so far at (bank name) have been less than stellar at helping your clients in distress.

EXPLAIN YOUR PROBLEM BELOW

I thought that I had my problem solved when one of your representatives told me that I qualified for a loan modification and that the rate would be 6% fixed for 30 years.

I was also told BLAH, BLAH, BLAH. When I questioned your representative Mr. Jones I was told not to worry about BLAH, BLAH, BLAH because BLAH, BLAH, BLAH.

Well today is (DATE GOES HERE) and it is getting dangerously close to the payment coming due, meaning an ultimate default since I can't afford another \$6,000.00 payment, nor was I made to expect one by your representatives. I scrimped and scraped to pull together those "good faith" payments.

After many, many phone calls and hours dealing with your loss mitigation people, my patience and hopes have worn thin.

Perhaps this is why the banks are in such trouble today. Lying to clients about programs and rates to get them to sign documents that don't say what they were told is cruel and should be illegal.

I want to keep my home, but your people seem hell bent on moving towards a foreclosure. As I previously explained to your people my home is no longer worth what it was, and is in fact currently worth less than what I owe you.

Your representative (Mr. Jones) was very co-operative and I believed him when he gave me hope. To find out now that what he told me was nothing more than a lie to collect more money is very disappointing.

I have attached some of the pertinent documentation that we have provided to date.

Please help!!

You can reach me at:

Home: 555-1212

Cell: 555-1212

E-mail: INeedHelp@EMail.com

Sample Forensic Audit Checklist

Date:

Mortgage Broker:

License #:

Loan Officer:

License #:

Borrower:

Borrower:

Subject Property:

1	Is HUD-1 in file?		<input type="text"/>
2	Signed final HUD-1 in file?		<input type="text"/>
3	Funding Entity		
4	Date Closed		
5	Upcharges on third party fees rebated?	RESPA 3500.14(c); 80.10(5); 80.9(b)	<input type="text"/>
6	HUD-1 3rd party fees compared to GFE reasonable?	RESPA 3500.7(c)	<input type="text"/>
7	HUD-1 Broker fees compared to GFE reasonable?	RESPA 3500.7(c)(2); 80.10(2)(5)	<input type="text"/>
8	Lender fees paid to Lender not Broker?	RESPA 3500.14(c); 80.10(5)	<input type="text"/>
9	HUD-1 disclosed all closing costs paid outside of closing (POC)?	RESPA 3500.8	<input type="text"/>
10	If Yield Spread Premium paid to broker, was it accurately disclosed?	RESPA 3500.7(c)(1); HUD Policy 2001-1	<input type="text"/>
11	No duplicative fees on HUD-1?		<input type="text"/>
12	Does this loan pass the high cost test?		<input type="text"/>
13	Is initial 1003 Application in file?		<input type="text"/>
14	Loan Type		
15	Loan Purpose		
16	Loan Program		
17	If ARM, and loan closed through warehouse line, was Disclosure in file?	TILA 226.19(b)(2)	<input type="text"/>
18	Was application signed and dated by borrower?		<input type="text"/>
19	Was interviewer licensed?		<input type="text"/>
20	Required Government Monitoring Section Completed?	ECOA 202.13	<input type="text"/>
21	Date application signed by borrower		
22	If denied, was Adverse Action Notice in file?	ECOA 202.9(b)	<input type="text"/>
23	Date approved/denied?		<input type="text"/>
24	Is initial GFE in file?	RESPA 80.13(2)	<input type="text"/>
25	GFE signed & dated or evidence of delivery within 3 days?	RESPA 3500.7(b)	<input type="text"/>
26	Is initial TIL in file?	TILA 80.13(2)	<input type="text"/>
27	TIL signed & dated or evidence of delivery within 3 days?	TILA 226.19(a)(1); 80.13(2)	<input type="text"/>
28	TIL complete?	TILA 226.18(i-r)	<input type="text"/>
29	APR within tolerance?	TILA 226.19(a)(2); 226.18(d)(1)(i)	<input type="text"/>
30	IF APR within tolerance, were Finance Charges within tolerance?		<input type="text"/>
31	APR different from stated note rate?		<input type="text"/>
32	If refi, was APR within tolerance?		<input type="text"/>
33	If refi, was APR different from stated note rate?		<input type="text"/>
34	All State Disclosures in file?		<input type="text"/>
35	Servicing Transfer Disclosure in file?	RESPA 3500.21(b)	<input type="text"/>
36	Acknowledgement of receipt & evidence of delivery?	RESPA 3500.21(b)(1&2)	<input type="text"/>
37	Servicing Disclosure correctly completed?	RESPA 3500.21(b)	<input type="text"/>
38	Is FACTA Disclosure in file? (Effective 12/1/04)	FCRA 15 U.S.C 1681g Sec 609(g)(1)(D)	<input type="text"/>
39	Appraisal or Appraisal Disclosure provided & documented?	ECOA 202.5a(a)(2)	<input type="text"/>
40	If required 3rd Party Provider, was Disclosure in file?	RESPA 3500.7(e)	<input type="text"/>
41	If Affiliated Business, was Disclosure in file?	RESPA 3500.15	<input type="text"/>
42	Copy of Original Note in File?		<input type="text"/>
43	Copy of Original Mortgage in File?		<input type="text"/>

This is not a complete checklist. It is only a sample to give the reader an idea of what an attorney or a professional modification company will do in a Forensic Loan Document Review/Audit. If you want a complete list of items researched contact a loan modification professioanl or an attorney.

**AnyBank
123 Main Street
Anywhere, USA 12345**

Attn: Home Retention Dept.

**Re: Account # 1122334455
Borrowers: John & Jane Doe**

**Property
Address: 123 Main Lane Anywhere, USA 12345**

To whom it may concern,

I Jimmy Doe live at home with my parents. In an effort to help them keep up with their bills I contribute \$875.00 per month to the household.

Thank you,

**AnyBank
123 Main Street
Anywhere, USA 12345**

Attn: Home Retention Dept.

**Re: Account # 1122334455
Borrowers: John & Jane Doe**

**Property
Address: 123 Main Lane Anywhere, USA 12345**

To whom it may concern,

I Jimmy Doe have recently moved back into the family home at 123 Main Lane. The reason for moving back into the home is to help my family meet their monthly obligations. To that end, I will be contributing \$2,500 per month to the household for bills.

Thank you,

RECORDING REQUESTED BY:
Countrywide Home Loans Servicing LP

Attn Hope Department: SV-HRD S-L
400 Countrywide Way
Simi Valley, CA 93065
Loan #: [REDACTED]

-----FOR INTERNAL USE ONLY-----

LOAN MODIFICATION AGREEMENT

This Loan Modification Agreement ("Agreement"), made this 17th day of July 2008, between [REDACTED] and Countrywide Home Loans Servicing LP (Lender), amends and supplements (1) the Mortgage, Deed of Trust, or Deed to Secure Debt (the Security Instrument), dated the 5th day of June 2007 and recorded on the 6th day of July 2007 in [REDACTED] Page No. [REDACTED] Document No. [REDACTED] in the Official Records of [REDACTED] County, in the State of [REDACTED], and (2) the Note bearing the same date as, and secured by, the Security Instrument, which covers the real and personal property described in the Security Instrument and defined therein as in the 'Property', located at [REDACTED]

The real property described being set forth as follows:

Please See Attached Exhibit (A)

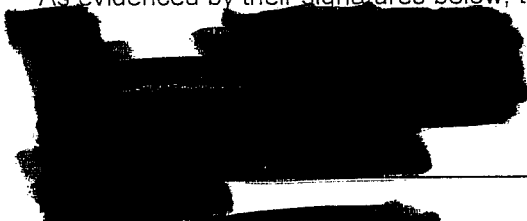
THE NOTE CONTAINS PROVISIONS ALLOWING FOR CHANGES IN THE INTEREST RATE AND THE MONTHLY PAYMENT. THE NOTE LIMITS THE AMOUNT THE BORROWER'S INTEREST RATE CAN CHANGE AT ANY ONE TIME AND SETS THE MAXIMUM RATE THE BORROWER MUST PAY.


In consideration of the mutual promises and agreements exchanged, the parties hereto agree as follows (not withstanding anything to the contrary contained in the Note or Security Instrument):

1. As of the 1st day of September 2008, the amount payable under the Note or Security Instrument (the "Unpaid Principal Balance") is U.S. \$362,026.74 consisting of the amount(s) loaned to the borrower by Lender and any interest capitalized to date.
2. The Borrower promises to pay the Unpaid Principal Balance, plus interest, to the order of the Lender. Interest will be charged on the Unpaid Principal Balance at the yearly rate of 6.000% from 1st day of August 2008 to 1st day of August 2013. The amount of the monthly payment is changed to \$2,199.87 for the first 60 payments, and thereafter will be in an amount as calculated to the original terms of the Note. Borrower will continue to make monthly payments on the same day of each succeeding month until principal and interest are paid in full, except that, if not sooner paid, the final payment of Principal and interest shall be due and payable on the 1st day of July 2037 which is the present or extended Maturity Date. Borrower understands and agrees that Borrower's payment may increase when it begins to amortize in accordance with the note due to the modified amount of my principal balance.
3. If on the Maturity Date, Borrower still owes amounts under the Note and the Security Instrument, as amended by this Agreement, Borrower will pay these amounts in full on the Maturity Date.
4. The Borrower will comply with all other covenants, agreements, stipulations and conditions of the Security Instrument, including without limitation, the Borrower's covenants and agreements to make all payments of taxes, insurance premiums, assessments, escrow items, impounds, and all other payments that the Borrower is obligated to make under the Security Instrument; however, the following terms and provisions are cancelled, null, and void, as of the date specified in paragraph 1 to the extent they are inconsistent with the terms and provisions of this Agreement:
 - a. all terms and provisions of the original Note and Security Instrument (if any) providing for, implementing, or relating to, any change or adjustment, in the rate payable under the Note; and
 - b. all terms and provisions of any adjustable rate rider or other instrument or document that is affixed to, wholly or partially incorporated into, or is part of, the original Note or Security Instrument and that contains any such terms and provisions as those referred to in paragraph 2 above.
5. Borrower understands and agrees that
 - (a) All the rights and remedies, stipulations, and conditions contained in the Security Instrument relating to default in the making of payments under the Security Instrument shall also apply to default in the making of the modified payments hereunder.

- (b) All covenants, agreements, stipulations, and conditions in the Note and Security Instrument shall be and remain in full force and effect, except as herein modified, and none of the Borrower's obligations or liabilities under the Note and Security Instrument shall be diminished or released by any provisions hereof, nor shall this Agreement in any way impair, diminish, or affect any of Lender's rights under or remedies on the Note and Security Instrument, whether such rights or remedies arise thereunder or by operation of law. Also, all rights of recourse to which Lender is presently entitled against any property or any other persons in any way obligated for, or liable on, the Note and Security Instrument are expressly reserved by Lender.
- (c) Nothing in this Agreement shall be understood or construed to be a satisfaction or release in whole or in part of the Note and Security Instrument.
- (d) All costs and expenses incurred by Lender in connection with this Agreement, including recording fees, title examination, and attorney's fees, shall be paid by the Borrower and shall be secured by the Security Instrument, unless stipulated otherwise by Lender.
- (e) Borrower agrees to make and execute such other documents or papers as may be necessary or required to effectuate the terms and conditions of this Agreement which, if approved and accepted by Lender, shall bind and inure to the heirs, executors, administrators, and assigns of the
- (f) As part of the consideration for this Agreement, Borrower agrees to release and waive all claims Borrower might assert against the Lender and or its agents and arising from any act or omission to act on the part of the Lender, its agents, officers directors, attorneys, employees and any predecessor-in -interest to the Note and Security Instrument, and which Borrower contends caused the Borrower damage or injury or which the Borrower contends renders the Note or Security Instrument void, voidable, or unenforceable. This release extends to any claims arising from any foreclosure proceedings, if any, conducted prior to the date of this Agreement. Borrower has and claims no defenses, counterclaims or rights to offset of any kind against Lender or agent of Lender.
- 6: In consideration of this Modification, Borrower agrees that if any document related to the Security Instrument, Note and/or Modification is lost, misplaced, misstated, inaccurately reflects the true and correct terms and conditions of the loan, or is otherwise missing upon the request of the Lender, Borrower(s) will comply with Lender's request to execute acknowledge, initial and deliver to Lender any documentation Lender deems necessary to replace or correct the lost misplaced, misstated, inaccurate or otherwise missing document(s). If the original promissory note is replaced the Lender hereby indemnifies the Borrower(s) against any loss associated with a demand on the original note. All documents Lender requests of borrower(s) shall be referred to as Documents. Borrower agrees to deliver the Documents within ten (10) days after receipt by Borrower(s) of a written request for such replacement.

As evidenced by their signatures below, the Borrower and the Lender agree to the foregoing.

 _____
Dated 7-28-08

 _____
Dated 7-28-08

STATE OF _____
COUNTY OF _____
On _____ before me, _____
Notary Public, personally appeared _____

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person (s) whose name (s) is/are subscribed to the within instrument and acknowledged me that he/she/they executed the same in his/her/their authorized capacity (ies), and that by his/her/their _____ the person (s), or entity upon behalf of which the person (s) acted, executed the instrument.

WITNESS my hand and official seal _____
Signature _____
Notary Public, _____
Commission _____

Countrywide Home Loans Servicing LP

By: _____
Dated _____

STATE OF _____
COUNTY OF _____
On _____ before me, _____
Notary Public, personally appeared _____

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person (s) whose name (s) is/are subscribed to the within instrument and acknowledged me that he/she/they executed the same in his/her/their authorized capacity (ies), and that by his/her/their signatures (s) on the instrument the person (s), or entity upon behalf of which the person (s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____



Citi Residential Lending

Sent via Federal Express

September 5, 2008

Re: Loan Number: [REDACTED]
Property Address: Same as above

Dear Mr. & Mrs. [REDACTED]

The total amount to reinstate the above referenced loan, good through September 16, 2008 is \$31,120.76.

Enclosed please find two copies of the Loan Modification Agreement that Citi Residential Lending, Inc. is extending to you. Please execute one copy of the agreement and return it with the down payment of \$2,503.00 by no later than September 16, 2008. The second copy of the agreement stamped "COPY" is for your records. Please mail the executed Loan Modification Agreement to the following address:

Citi Residential Lending, Inc.
1600 McConnor Parkway, 1st Floor
Schaumburg, IL 60173-6800
Attn: [REDACTED]

If Chapter 13 bankruptcy has been filed and a Motion for Relief of Stay has been granted to CITI Residential Lending, Inc., and/or there is an active bankruptcy, this Agreement is contingent on Trustee approval. The approval is required with the executed Agreement.

Below are the following payment options for the down payment you are required to remit. Be sure and reference your name and loan number on the remittance.

- Certified funds: Cashier's check or money order
- Western Union Quick Collect: City + State code=Citi Residential Lending, CA
- Bank wire instructions: Bank of America, New York, New York 10001
ABA# [REDACTED]
Credit to: Citi Residential Lending, Inc.
Credit Acct # [REDACTED]
Reference: Loan No. [REDACTED]

The original executed Loan Modification Agreement and down payment in the amount of \$2,503.00 must be received by 11:00 a.m. PST on or before September 16, 2008 or this offer is rescinded.

Please call me with confirmation of the down payment and also the tracking number of your overnight package. We look forward to the successful completion of this agreement. Please contact me at (800) 211-6926, extension [REDACTED], if you have any questions.

Sincerely,

[REDACTED]
Credit Services Department

EXECUTE AND RETURN TO:

CITI Residential Lending, Inc.
1600 McConnor Parkway, 1st Floor
Schaumburg, IL 60173-6800
Attn: Kimberley Falzbot

Loan No. [REDACTED]

LOAN MODIFICATION AGREEMENT
(Providing for Capitalization, Life of Loan Interest Rate
Reduction on Fixed Loan With Escrow)

Original Note Amount: \$230,000.00

Original Recorded Date: May 30, 2003

This Loan Modification Agreement ("Agreement"), made this 5th day of September, 2008, between [REDACTED] and [REDACTED] ("Borrower(s)") and Citi Residential Lending Inc. ("Servicer") acting in its capacity as the agent and attorney-in-fact for the owner of the Note and Security Interest, amends and supplements (1) the Mortgage (the "Security Instrument"), and applicable Rider(s), if any, dated May 12, 2003 and recorded as Reference No. [REDACTED] in Liber Book [REDACTED] Pages [REDACTED] in the Official Records of the [REDACTED] County Clerk's Office, State of [REDACTED] and (2) the Note, bearing the same date as, and secured by, the Security Instrument, which covers the real and personal property described in the Security Instrument and defined therein as the "Property", located at

[REDACTED]

The real property described being set forth as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF;

In consideration of the mutual promises and agreements exchanged, the parties hereto agree as follows (notwithstanding anything to the contrary contained in the Note and Security Instrument):

1. As of September 1, 2008 (October 1, 2008 payment) the amount payable under the Note and the Security Instrument (the "Unpaid Principal Balance") is U.S. \$243,053.69, consisting of the unpaid amount (s) loaned to Borrower(s) plus any interest and other amounts capitalized.
2. Delinquent interest accrued and capitalized (i.e., added to the outstanding principal balance) in the modified loan principal balance is \$15,222.72. Other charges (if any) accrued and capitalized are \$8,137.39. Delinquent interest and other charges (if any) accrued but not capitalized are \$487.20.

3. Servicer agrees to reduce the interest rate on this loan for the remaining term. Interest will be charged at this reduced rate on the newly capitalized Unpaid Principal Balance.
4. Borrower agrees that all payments for hazard insurance premiums, taxes, and applicable flood insurance premiums or private mortgage insurance premiums will be escrowed throughout the term of the modification and paid by borrower to the Servicer with the monthly Principal and Interest payment.
5. The interest rate will adjust as follows:

INTEREST CHANGE DATE	INTEREST RATE	PAYMENT DUE DATE	MONTHLY P & I	ESCROW* AMOUNT	TOTAL AMOUNT DUE
09/01/2008	5.725%	10/01/2008	\$1,532.35	\$830.83	\$2,363.18*

*Borrower(s) will be notified in writing if there are any changes in the escrow payments.

If on June 1, 2033 (the "Maturity Date"), Borrower(s) still owes amounts under the Note and the Security Instrument, as amended by this Agreement, Borrower(s) will pay these amounts in full on the Maturity Date.

Borrower(s) will make such payments to Citi Residential Lending Inc, ATTN: Cashiering Department, First Floor, 1600 McConnor Parkway, Schaumburg, Illinois 60173-6800 or at such other place as Servicer may require.

6. If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower(s) is not a natural person and a beneficial interest in Borrower(s) is sold or transferred) without Servicer's prior written consent, Servicer may require immediate payment in full of all sums secured by the Security Instrument.

If Servicer exercises this option, Servicer shall give Borrower(s) notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is delivered or mailed within which Borrower(s) must pay all sums secured by this Security Instrument. If Borrower(s) fails to pay these sums prior to the expiration of this period, Servicer may invoke any remedies permitted by the Security Instrument without further notice or demand on Borrower(s).

7. If the Borrower(s) has, since inception of this loan but prior to this Agreement, received a discharge in a Chapter 7 bankruptcy and there having been no valid reaffirmation of the underlying debit, by entering into this Agreement, the Servicer is not attempting to re-establish any personal liability for the underlying debt.

If Chapter 13 bankruptcy has been filed and a Motion for Relief of Stay has been granted to Citi Residential Lending Inc, this Agreement is contingent on Trustee approval. The approval will be required with the executed, notarized Agreement and wire confirmation. Failure to provide the Trustee's approval will result in this Agreement being rescinded.

8. Nothing in this Agreement shall be understood or construed to be a satisfaction or release in whole or in part of the Note and Security Instrument. Except as otherwise specifically provided in this Agreement, the Note and Security Instrument will remain unchanged, and Borrower(s) and Servicer will be bound by, and comply with, all of the terms and provisions thereof, as amended by this Agreement.
9. The yearly rate of interest applicable to the Loan prior to execution of this Modification Agreement shall apply after any default under the terms of the Note, Security Instrument or this Modification Agreement.
10. Effective as of the date of this Modification Agreement, the principal indebtedness evidenced by the Note and this Modification Agreement will include any amounts for escrow payments advanced by Servicer on Borrower(s)'s behalf and for delinquent interest accrued in accordance with the terms of the Note.
11. Except as expressly modified by this Modification Agreement, all terms of the Note and Security Instrument remain in full force and effect. By signing below, Servicer and Borrower(s) acknowledge there are no additional terms or agreements, oral or written. By this Agreement, any assumability, convertibility or balloon provision is hereby rescinded.
12. This Modification Agreement does not constitute a limitation or waiver of Servicer's rights to prohibit, or restrict, any future modifications requested by Borrower(s) or to enforce any rights or remedies contained in the Note and Security Instrument.
13. If any terms of this Modification Agreement are deemed invalid or unenforceable, this Modification Agreement shall immediately terminate and the original terms of the Note and Security Instrument shall apply to the Loan.
14. By executing this Agreement, Borrower(s) waives any prior modifications, forbearance agreements or other rate reduction to which Borrower(s) may be otherwise entitled. Borrower(s) further releases and discharges Servicer from any and all claims that occurred prior to the date of this modification of any kind or nature, arising out of or related in any manner to the origination or servicing of the loan. Furthermore, Borrower(s) hereby state that they have read, understand and acknowledge that they are familiar with Section 1542 of the California Civil Code (and any similar provision of law), which section provides as follows: "A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."
15. By executing this Agreement, Borrower(s) asserts that this property is owner-occupied; that the Borrower(s) has the ability repay the loan under the terms of this modification; and, without this modification the Borrower(s) will suffer a hardship as a result of an increase in the payment amount under the original terms of the Note and Security Instrument.

EXHIBIT A

BORROWER(S):

LOAN NUMBER:

LEGAL DESCRIPTION:

ALSO KNOWN AS:

Loan No. [REDACTED]

16. The undersigned Borrower(s) agree if requested by Servicer, or any agent of Servicer to fully cooperate and adjust for clerical errors, any documentation connected with this Modifications deemed necessary by the Servicer and to comply with any requests of the Servicer to execute additional documentation within 30 days from the date of mailing such request.

**SERVICER AND BORROWER(S) AGREE AND ACCEPT THE TERMS OF THIS
MODIFICATION AGREEMENT AS OF THE DATE FIRST ABOVE WRITTEN.**

[REDACTED]
Citi Residential Lending, INC, Servicer: Authorized Signer

Date

X [REDACTED]
Borrower: [REDACTED]

Date

9-15-08

[REDACTED]
Borrower: [REDACTED]

Date

9-15-08

PERSONAL FINANCIAL STATEMENT

Date: _____ Loan Number: _____

Borrower's Name: _____

Co-Borrower's Name: _____

Daytime Phone Number: _____

Evening Phone Number: _____

Number of Dependents: _____

Property Address:

Mailing Address (if different)

Amount to contribute to loss \$ _____

MONTHLY INCOME:

Borrower's monthly NET income: \$ _____

Co-Borrower's monthly NET income: \$ _____

Other income: Please circle below \$ _____

(Child support, Alimony, Rental, Other)

MONTHLY EXPENSES:

	Monthly Payment:	Monthly Payment	Balance Owed
Mortgage Payment:	\$ _____	2 nd Mortgage: \$ _____	\$ _____
Child Care:	\$ _____	Other Mortgages: \$ _____	\$ _____
Alimony/ Child Support:	\$ _____	Rent Paid: \$ _____	\$ _____
Telephone:	\$ _____	Doctor Bills: \$ _____	\$ _____
Cell Phone/Pager:	\$ _____	Hospital Bills: \$ _____	\$ _____
Gas/Oil:	\$ _____	Auto Loan Pmt: \$ _____	\$ _____
Electricity:	\$ _____	Auto Loan Pmt: \$ _____	\$ _____
Trash/Sewer:	\$ _____	*Homeowners Ins: \$ _____	\$ _____
Food:	\$ _____	*Property Taxes: \$ _____	\$ _____
Water:	\$ _____		
Auto Insurance:	\$ _____		
Transportation/Gasoline:	\$ _____		
Life Insurance:	\$ _____		
Cable/Satellite:	\$ _____		
Clothing:	\$ _____		
Prescriptions:	\$ _____		

*If not included in Mortgage payment

Chapter 6:

Loss Mitigation Phone Numbers

- . Comprehensive Lender List

LOSS MITIGATION PHONE NUMBERS

The 900 lb. phone



The first telephone call is always the hardest; it only gets easier after that.

In my years of training sales people to be successful I have been known to refer to the 900 lb. telephone. Being afraid to use the phone is irrational, but fear is powerful, it feels real and it can cost you!

Call avoidance is one of the top causes of foreclosure. Once you force yourself to pick up that phone, you will realize that you can save your home by communicating with your lender.

This is a fairly comprehensive list of loss mitigation contacts at current lenders.

The first step to avoiding foreclosure is to contact your lender and try to arrange a reasonable workout agreement, repayment plan or loan modification. The quicker you contact your lender, the better your chances are of negotiating a deal with your lender, so you can save your home and your credit.

So, start making calls, get educated and have all of your information available.

Most foreclosures would be avoided if people had just contacted their lender. You must be proactive and aggressively pursue all of your options.

If you are short on time and you can't do it on your own, then please seek help from a Non-Profit, HUD approved Housing Counselor, an attorney or a legit for profit that can handle the negotiation process for you.

Lender Loss Mitigation Phone Numbers & Contact Information

ABM AMRO Mortgage (800) 783-8900

Accredited Home Lenders (877) 683-4466

**AMC Mortgage Services (800) 211-6926
1600 McConnor Parkway Schaumburg, IL 60173**

**American Home Mortgage Servicing Inc.
(AHMSI) (877) 304-3100**

**Aurora Loan Services (800) 550-0508
601 5th Avenue Scottsbluff, NE 69361**

Avelo Mortgage LLC (866) 992-8356

Bank of America (800) 846-2222

BB&T Mortgage (800) 827-3722

AmTrust Bank / Ohio Savings Bank (888) 696-4444

Beneficial (800) 333-5848

**Carrington Mortgage Services / New Century Financial
(800) 790-9502 (877) 206-9904**

Central Pacific Bank (800) 342-8422

Charter One (800) 234-6002

Chase (800) 446-8939

Chase Home Finance (800) 848-9136 (858) 605-2181

Chase Home Finance-New Jersey (800) 446-8939

**Chase Manhattan Mortgage (800) 446-8939
Ohio Service Center (800) 526-0072
Florida Service Center (800) 527-3040 x533**

Chevy Chase Bank (800) 933-9100

Citi Financial Mortgage (800) 753-3673

Citimortgage (800) 283-7918

Countrywide (800) 262-4218

Ditech (800) 852-0656 (800) 449-8582

Downey Financial Corp.(800) 824-6902, ext. 6696

**EMC - a Division of Chase Home Finance (800) 723-3004
P.O. Box 141358 Irving, TX 75014-1358**

EverBank (800) 669-7724 ext. 4730

Equity One (866) 361-3460

First Horizon Home Loans (800) 489-2966

Fifth Third Bank (800) 375-1745

First Merit Bank (888) 728-9931

Flagstar Bank (800) 968-7700

Fremont Investment & Loan (866) 484-0291

GMAC Mortgage (800) 850-4622

GreenPoint Mortgage Funding (800) 784-5566

Green Tree (877) 816-9125

Homecomings Financial (800) 850-4622

HomeEq Mortgage Servicing (866) 822-1471

Household Finance / owned by HSBC (800) 333-5848

Household Mortgage (800) 333-4489

**HSBC Mortgage Services (800) 338-6441 (800) 365-6730
(888) 648-3124 Fax (732) 352-7519
2929 Walden Avenue
Depew, NY 14043**

Huntington National Bank (800) 323-4695

**Indymac Bank (877) 736-5556
P.O Box 7014 Pasadena, CA 91107**

Irwin Mortgage (888) 218-1988

James B. Nutter & Company (800) 315-7334

Key Bank (800) 422-2442

LaSalle National Bank (800) 783-8900

**Litton Loan Servicing (800) 999-8501 (800) 548-8665
Fax (713) 966-8820
4828 Loop Central Drive Houston, Texas 77081-2226**

Midland Mortgage (800) 552-3000 or (800) 654-4566

Mortgage Lenders Network / MLN (800) 691-0129

Mortgage Electronic Registration Systems / MERS (888) 679-6377

**National City Mortgage (800) 367-9305 (800) 523-8654
3232 Newmark Dr. Miamisburg, Ohio 45342**

**Nationwide Advantage Mortgage Company
(800) 356-3442**

NationStar Mortgage (888) 850-9398

**New Century Financial / Carrington Mortgage Services
(800) 790-9502 (877) 206-9904**

NovaStar Mortgage (888) 743-0774

**Ocwen Federal Bank (800) 746-2936 or (877) 596-8560
12650 Ingenuity Drive Orlando, Florida 32826**

**Ocwen Financial Corporation (877) 226-2936
1661 Worthington Rd., Suite 100 West Palm Beach, Florida 33409**

Ohio Savings Bank / AmTrust Bank (888) 696-4444

Option One (866) 711-1962 or (888) 275-2648

**PHH Mortgage / Cendant (800) 257-0460 (800) 330-0423
(800) 750-2518**

ResMae Mortgage Corp. (877) 473-7623

Saxon (800) 665-7367

**Select Portfolio Servicing (888) 818-6032 Fax: (801) 293-3936
P.O. Box 65250 Salt Lake City, UT 84165**

SkyBank (800) 290-3359

**Sun Trust Mortgage (800) 634-7928
PO Box 26149 - Mail Code RVW 3003, Richmond, VA 23260**

Third Federal Savings (888) 844-7333

US Bank (800) 365-7900

Wachovia (866) 642-8608

**Washington Mutual / WAMU (866) 926-8937 (888) 453-3102
(800) 478-0036 or (800) 254-3677**

**Waterfield Mortgage (800) 957-7245 Fax: (260) 459-5390
7500 W. Jefferson Blvd. Fort Wayne, IN 46804**

**Wells Fargo (877) 216-8448 (866) 261-5642 (800) 766-0987
(800) 678-7986**

**Wendover Financial Services Corporation (800) 934-1081
(800) 436-1022**

**Wilshire Credit Corporation (888) 502-0100
P.O. Box 8517 Portland, OR 97207**

Chapter 7:

Pertinent Modification Terms

- . Terms and Definitions

TERMS & DEFINITIONS

Abstract of Title - A summary of the conveyances, transfers, and any other facts relied on as evidence of title, together with any other elements of record which may impair the title to real property.

Acceleration Clause - A clause in trust deed or mortgage that gives the lender the right to call all sums owing him to be immediately due and payable upon the happening of a certain stated event.

Acceptance - A legal term referring to the acceptance of an offer. A buyer offers to buy and the seller accepts the offer.

Acknowledgment - A formal declaration before a duly authorized officer by a person who has executed an instrument that such execution is his act and deed.

Ad Valorem - "According to value." A value based method of imposing a tax on the ownership of real property.

Adverse Possession - The open and notorious possession and occupancy under an evident claim or right, in denial or opposition to the title of another claimant.

Affidavit - A statement or declaration reduced to writing and sworn to or affirmed before some officer who has authority to administer an oath or affirmation.

Affirmation - A solemn declaration made under the penalties of perjury by a person who conscientiously declines taking an oath. This is equivalent to an oath.

Agency - The relationship between an agent and principal. One who represents another from whom he has derived authority.

Agreement of Sale - A written contract between seller and buyer in which they reach a meeting of minds on the terms and conditions of the sale.

Amortization - The liquidation of a financial obligation on an installment basis; also recovery, over a period, of cost or value.

Appraisal - An estimate of value of property resulting from an analysis of facts about the property. An opinion of value.

Appurtenance - Something belonging to the land and transferred with it, such as buildings, fixtures, rights

Assemblage - Putting together two or more lots to form a large parcel.

Assessed Value - A value placed upon property by the tax assessor.

Assessment - The valuation of property for the purpose of levying a tax, or the amount of the tax levied.

Assessor - One appointed to assess property for taxation.

Assignment - A transfer or making over to another of the whole of any property, real or personal, or of any estate or right therein. To assign - to transfer or make over to another.

Assumption of Mortgage - When a grantee takes a title to real property and the deed contains an assumption agreement, or grantee executes a separate assumption agreement, the grantee becomes the principal guarantor for unpaid portions of the note and is primarily liable for the amount of any deficiency judgment.

Attachment - Seizure of property by court order, usually done to have it available in event a judgment is obtained in a pending suit.

Attorney-in-Fact - One who is authorized to perform certain acts for another under a Power of Attorney; may be limited to a specific act or acts, or be general.

Balloon Payment - Where the final installment payment on a note is greater than the preceding installment payments and it pays the note in full, such final installment is termed a balloon payment.

Beneficiary - (1) One entitled to the benefit of a trust; (2) One who receives profit from an estate, the title of which is vested in a trustee; (3) The lender on the security of a note and deed of trust.

Blanket Encumbrance - A single mortgage or trust deed which covers more than one piece of real estate.

Bona Fide - In good faith, without fraud or deceit; authentic; sincere.

Breach - Violation of an obligation in a contract.

Capitalization - In appraising it is a method of determining the value of property by interpreting the property's net income with a percentage which represents a reasonable return on invested capital.

Capitalization Rate - The rate of interest which is considered a reasonable return on an investment. It is used in the process of determining value based upon net income.

Cash Flow - Income generated by a property which is determined by subtracting vacancy allowances and collection costs, operating expenses and debt-servicing costs from the property's scheduled gross income.

Caveat Emptor - "Let the buyer beware." The buyer must examine the goods or property and buy at his own risk.

Chain of Title - A history of conveyances and encumbrances affecting the title from the time it passed from government ownership, or as far back as records are available.

Closing Statement - The written statement provided by the escrow company to each of the parties to the loan transaction showing the amounts received and the amounts paid out for various items.

Cloud on Title - Any conditions revealed by a title search which affect the title to property; usually relatively unimportant items but which cannot be removed without a quitclaim deed or court action.

Codes - A systematic collection of laws in writing.

Collateral Security - A separate obligation attached to another contract to guarantee performance of the contract.

Collusion - An illegal agreement between two or more persons to defraud another of his rights by the forms of law, or to obtain an object forbidden by law.

Color of Title - That which appears to be good title but which is not title in fact

Commingling - The broker's unauthorized and improper mixing of office funds, which are personal or business monies, with trust funds, which are client customer monies.

Commission - A payment for the performance of specific duties in real estate; a percentage of the selling price of property, percentage of rentals, etc.

Compound Interest - Interest paid on the original principal and on interest accrued from time it became due.

Condemnation - The act of taking private property for public use by the sovereign powers; a declaration that a structure is unfit for use.

Conventional Loan - A loan that's neither guaranteed nor insured by Federal Housing Administration (FHA) or Veterans' Administration (VA).

Conveyance - The transfer of title to land. Includes most instruments by which an interest in real estate is created, mortgaged, or assigned.

Covenants - Agreements written into deeds and other instruments promising performance or non-performance of certain acts or stipulating certain uses or non-uses of the property.

Damages - The indemnity recoverable by a person who has sustained an injury either in his person, property or relative rights, through the act or default of another.

Deed - A written instrument which, when properly executed and delivered, conveys title to real property.

Deed in Lieu of Foreclosure - A deed to real property accepted by a lender from a defaulting borrower to avoid the necessity of foreclosure proceedings by the lender.

Default - Failure to fulfill a duty or promise or to discharge an obligation, or to perform any act in an instrument in writing, which has been agreed upon.

Deferred Maintenance - Existing but unfulfilled requirements for repairs and rehabilitation.

Deficiency Judgment - A judgment given when the security pledged for a loan does not satisfy the debt upon its default.

Depreciation - Loss of value in real property brought about by age, physical deterioration or functional or economic obsolescence.

Deterioration - Reflecting the loss in value brought about by wear and tear, disintegration, use in service, and the actions of the elements.

Discount Fee - Sometimes referred to as "points," a fee charged by the lender in order to obtain a higher earning than the interest stated in the mortgage note.

Documentary Transfer Tax - A state enabling act allows cities and counties to adopt a documentary transfer tax to apply on all transfers of real property located within their jurisdictions.

Duress - Unlawful constraint exercised upon a person whereby he is forced to do some act against his will.

Easement - Created by grant or agreement for a specific purpose, an easement is the right privilege or interest which one party has in the land of another. (Example: right of way.)

Economic Life - The period over which a property will yield a return on the investment, over and above the economic or ground rent due the land.

Eminent Domain - The right of the government to acquire private property for public use by condemnation. The owner must be compensated fully.

Encroachment - Trespass; the building of a structure or construction of any improvements partly or wholly on the property of another.

Encumbrance - Anything which affects or limits the fee simple title to property, such as mortgages, trust deeds, easements or restrictions of any kind which do not prevent alienation of the fee title by the owner. Liens are special encumbrances which make the property security for the debt.

Enforceable - That which can be made to effective; to cause to take effect. An agreement or contract between persons in which one or other party can legally compel the performance of another or other parties.

Equity - The interest or value which an owner has in real estate over and above the liens against it.

Escheat - The reverting of property to the state in the absence of heirs or other claimants.

Escrow - The deposit of instruments and funds with instructions to a third party to carry out the provisions of an agreement or contract; when everything is deposited to enable carrying out the instructions, it is called a complete or perfect escrow.

Estate - The degree, quantity, nature and extent of interest which a person owns in real property.

Estoppels - A legal theory under which a person is barred from asserting or denying a fact because of the person's previous acts or words.

Exchange - A means of trading equities in two or more real properties, treated as a single transaction through a single escrow or as a deferred exchange through two or more escrows.

Exclusive Agency Listing - A written instrument giving one agent the right for a specified time to sell a property, but reserving the right of the owner to sell the property himself without payment of a commission to the agent.

Exclusive Right to Sell Listing - A written agreement between an owner and an agent giving the agent the right to collect a commission if the property is sold by anyone during the term of his agreement.

Execute - To complete, to make, to perform, to do, to follow out. To execute a deed is to make a deed, including especially the signing, sealing, and delivery; to execute a contract is to perform the contract, to follow it out to the end, to complete it.

Executed Contract - A contract that is fully performed.

Execution of Contract - To sign a contract.

Executory Contract - A contract not yet fully performed.

Executor - A person named in a will to carry out its provisions as to the disposition of the estate of a deceased person.

Executor's Deed - A legal deed to real property given by an executor of an estate.

Fee Simple - The terms "fee" and "fee simple" are substantially synonymous. The term "fee" is of old English derivation. "Fee simple absolute" is an estate in real property by which the owner has the greatest power over the title which it is possible to have, being an absolute estate. In modern use, it expressly established the title of real property in the owner, without limitation or end. They may dispose of it by sale, or trade or will, as he chooses.

FHA Loan - A loan that is underwritten to the standards of the Federal Housing Administration, which grants approval of the loan and insures the lender against financial loss.

Fiduciary - A person in a position of trust and confidence, as between principal and broker; broker as fiduciary owes certain loyalty which cannot be breached under rules of agency.

Fixtures - Appurtenances affixed to buildings or land, usually in such a way that they cannot be moved without damage to themselves or the property; plumbing, electrical fixtures, fences, trees, shrubbery, etc. Fixtures are real property.

FNMA (Fannie Mae) - A private corporation dealing in the purchase of first or second mortgages, at discounts.

Foreclosure - procedure whereby property pledged as security for a debt is sold to pay the debt in event of default in payments or terms.

Forfeiture - Loss of money or anything of value due to failure to perform, such as a deposit given to insure performance.

Fraud - The intentional and successful employment of cunning, deception, collusion; or artifice used to cheat or deceive another person whereby that person acts upon it to the loss of his property and to his legal injury.

Gift Deed - A deed for which the consideration is love and affection and where there is no material consideration.

GI Loan - Analyzed by - and approval granted by - Veterans' Administration. Also called VA loan. Only eligible veterans may apply. Veterans' Administration guarantees a portion of the loan to the lender against loss.

Graduated Lease - A type of long-term lease agreement which provides for a fixed rental fee during the initial period of the lease with increases and/or decreases in rental amount at stated times during the balance of the contract term.

Grant Deed - A technical legal term in a deed of conveyance bestowing an interest in real property on another. The words "convey" and "transfer" have the same effect.

Grantee - The purchaser; the person to whom a grant is made.

Grantor - Seller of property; one who signs a deed.

Gross Income - Total income from property before any expenses are deducted.

Guarantee of Title - The opinion of a title company backed by its assets as to the true condition of the title to a certain piece of land at a particular time, as shown by the public records in the recording office.

Homestead - A home upon which the owner or owners have recorded a Declaration of Homestead, as provided by California statutes; protects home against judgments up to specified amounts.

Hypothecate - To give a thing as security without the necessity of giving up possession of it. To mortgage real property.

Implied - Not expressed in writing; presumed or inferred.

Income Property - Property which produces income from residential or commercial rentals and profits attributable to real estate other than rent.

Incompetent - One who is mentally incompetent, incapable; any person who, though not insane, is, by reason of old age, disease, weakness of mind, or any other cause, unable unassisted to properly manage and take care of himself or his property.

Injunction - A writ or order issued under the seal of a court to restrain one or more parties to a suit or proceeding from doing an act which is deemed to be inequitable or unjust in regard to the rights of some other party or parties to the suit.

Installment Note - A note which provides that payments of a certain sum or amount be paid on the dates specified in the instrument.

Instrument - A legal document in writing to create, alter, modify or terminate a right.

Interest Rate - The percentage of a sum of money charged for its use.

Investment - Money put in property or other ventures with the expectation of making a profit, with sufficient security to return and protect the capital; not speculation.

Involuntary Conveyance - Sheriff's deed; tax deed; an instrument against the will of the owner.

Involuntary Lien - A lien imposed against property without consent of owner.
Examples: taxes, assessments, federal income tax liens, judgments, etc.

Joint Tenancy - Joint ownership by two or more persons with right of survivorship.

Judgment - Final decision, determination, decree or sentence of a court of law.

Land Contract - An agreement for the purchase or sale of real property. (See agreement of sale, conditional sales contract.)

Lease - A contract between the owner of real property, called the lessor, and another person, called the lessee, covering conditions under which the lessee may occupy and use the property.

Legal Description - A written description by which property can be located definitely by reference to government surveys or approved recorded maps.

Leverage - The use of a small amount of cash to control a large amount of property values.

Lien - A charge or encumbrance upon property for the payment or discharge of a debt.

Life Estate - An interest in real property, which is held for the duration of the life of some certain person. It may be limited by the life of the person holding it or by the life of some other person.

Liquidate - Disposal of property or settlement of debts.

Liquidity - The ability of property to be exchanged for cash.

Lis Pendens - A notice recorded for the purpose of warning all persons that the title or right of possession of certain real property is in litigation. Gives constructive notice of such litigation.

Listing - An employment contract between owner and broker authorizing broker to perform services involving the principal's property.

Loan Costs - The actual expense for services rendered in obtaining a loan. Includes appraisal fees, attorney fees, survey fees, loan commissions. Usually itemized for the benefit of the borrower.

M.A.I. - Designates a person who is a member of the American Institute of Real Estate Appraisers

Marketable Title - Merchantable title; one free and clear of objectionable liens or encumbrances.

Market Price - The price the property brings in a given market.

Market Value - The price a willing buyer would pay and a willing seller would accept, both being fully informed and the property being exposed for sale for a reasonable time period.

Mechanic's Lien - A lien created by statute for the purpose of securing priority of payment for the price or value of work performed and materials furnished in construction or repair of improvements to land, and which attaches to the land as well as the improvements.

Moratorium - Temporary suspension, usually by statute, of the enforcement of liability for an obligation.

Mortgage - An instrument by which property is hypothecated to secure the payment of a debt.

Mortgage Broker - One who, for a fee, brings together a borrower and lender, and handles the necessary applications for the borrower to obtain a loan against real property by giving a mortgage or deed of trust as security.

Mortgagor - One who borrows money on his property and gives a mortgage as security.

Multi Dwelling units - Properties that provide separate housing units for more than one family, although they secure only a single mortgage.

Negative Amortization - Some adjustable rate mortgages allow the interest rate to fluctuate independently of a required minimum payment. If a borrower makes the minimum payment it may not cover all of the interest that would normally be due at the current interest rate. In essence, the borrower is deferring the interest payment, which is why this is called "deferred interest." The deferred interest is added to the balance of the loan and the loan balance grows larger instead of smaller, which is called negative amortization.

No Cash-out Refinance - A refinance transaction which is not intended to put cash in the hand of the borrower. Instead, the new balance is calculated to cover the balance due on the current loan and any costs associated with obtaining the new mortgage. Often referred to as a "rate and term refinance."

No-cost Loan - Many lenders offer loans that you can obtain at "no cost." You should inquire whether this means there are no "lender" costs associated with the loan, or if it also covers the other costs you would normally have in a purchase or refinance transactions, such as title insurance, escrow fees, settlement fees, appraisal, recording fees, notary fees, and others. These are fees and costs which may be associated with buying a home or obtaining a loan, but not charged directly by the lender. Keep in mind that, like a "no-point" loan, the interest rate will usually be higher than if you obtain a loan that has costs associated with it.

Note - A legal document that obligates a borrower to repay a mortgage loan at a stated interest rate during a specified period of time. The promise to pay.

Note Rate - The interest rate stated on a mortgage note.

Notice of Default - A formal written notice to a borrower that a default has occurred and that legal action may be taken.

Original Principal Balance - The total amount of principal owed on a mortgage before any payments are made.

Origination Fee - On a government loan the loan origination fee is one percent of the loan amount, but additional points may be charged which are called "discount points." One point equals one percent of the loan amount. On a conventional loan, the loan origination fee refers to the total number of points a borrower pays.

Owner Financing - A property purchase transaction in which the property seller provides all or part of the financing.

Partial Payment - A payment that is not sufficient to cover the scheduled monthly payment on a mortgage loan. Normally, a lender will not accept a partial payment, but in times of hardship you can make this request of the loan servicing collection department.

Payment Change Date - The date when a new monthly payment amount takes effect on an adjustable-rate mortgage (ARM) or a graduated-payment mortgage (GPM). Generally, the payment change date occurs in the month immediately after the interest rate adjustment date.

Periodic Payment Cap - For an adjustable-rate mortgage where the interest rate and the minimum payment amount fluctuate independently of one another, this is a limit on the amount that payments can increase or decrease during any one adjustment period.

Periodic Rate Cap - For an adjustable-rate mortgage, a limit on the amount that the interest rate can increase or decrease during any one adjustment period, regardless of how high or low the index might be.

Personal Property - Any property that is not real property.

PITI - This stands for principal, interest, taxes and insurance. If you have an "impounded" loan, then your monthly payment to the lender includes all of these and probably includes mortgage insurance as well. If you do not have an impounded account, then the lender still calculates this amount and uses it as part of determining your debt-to-income ratio.

PITI Reserves - A cash amount that a borrower must have on hand after making a down payment and paying all closing costs for the purchase of a home. The principal, interest, taxes, and insurance (PITI) reserves must equal the amount that the borrower would have to pay for PITI for a predefined number of months.

Planned Unit Development (PUD) - A type of ownership where individuals actually own the building or unit they live in, but common areas are owned jointly with the other members of the development or association. Contrast with condominium, where an individual actually owns the airspace of his unit, but the buildings and common areas are owned jointly with the others in the development or association.

Point - A point is 1 percent of the amount of the mortgage.

Power of Attorney (POA) - A legal document that authorizes another person to act on one's behalf. A power of attorney can grant complete authority or can be limited to certain acts and/or certain periods of time.

Pre-approval - A loosely used term which is generally taken to mean that a borrower has completed a loan application and provided debt, income, and savings documentation which an underwriter has reviewed and approved. A pre-approval is usually done at a certain loan amount and making assumptions about what the interest rate will actually be at the time the loan is actually made, as well as estimates for the amount that will be paid for property taxes, insurance and others. A pre-approval applies only to the borrower.

Prepayment - Any amount paid to reduce the principal balance of a loan before the due date. Payment in full on a mortgage that may result from a sale of the property, the owner's decision to pay off the loan in full, or a foreclosure. In each case, prepayment means payment occurs before the loan has been fully amortized.

Prepayment Penalty - A fee that may be charged to a borrower who pays off a loan before it is due.

Pre-qualification - This usually refers to the loan officer's written opinion of the ability of a borrower to qualify for a home loan, after the loan officer has made inquiries about debt, income, and savings. The information provided to the loan officer may have been presented verbally or in the form of documentation, and the loan officer may or may not have reviewed a credit report on the borrower.

Prime Rate - The interest rate that banks charge to their preferred customers. Changes in the prime rate are widely publicized in the news media and are used as the indexes in some adjustable rate mortgages, especially home equity lines of credit. Changes in the prime rate do not directly affect other types of mortgages, but the same factors that influence the prime rate also affect the interest rates of mortgage loans.

Principal - The amount borrowed or remaining unpaid. The part of the monthly payment that reduces the remaining balance of a mortgage.

Principal Balance - The outstanding balance of principal on a mortgage. The principal balance does not include interest or any other charges. See remaining balance.

Principal, Interest, Taxes, and Insurance (PITI) - The four components of a monthly mortgage payment on impounded loans. Principal refers to the part of the monthly payment that reduces the remaining balance of the mortgage. Interest is the fee charged for borrowing money. Taxes and insurance refer to the amounts that are paid into an escrow account each month for property taxes and mortgage and hazard insurance.

Private Mortgage Insurance (MI) - Mortgage insurance that is provided by a private mortgage insurance company to protect lenders against loss if a borrower defaults. Most lenders generally require MI for a loan with a loan-to-value (LTV) percentage in excess of 80 percent.

Promissory note - A written promise to repay a specified amount over a specified period of time.

Public Auction - A meeting in an announced public location to sell property to repay a mortgage that is in default.

Purchase Agreement - A written contract signed by the buyer and seller stating the terms and conditions under which a property will be sold.

Purchase Money Transaction - The acquisition of property through the payment of money or its equivalent.

Qualifying Ratios - Calculations that are used in determining whether a borrower can qualify for a mortgage. There are two ratios. The "top" or "front" ratio is a calculation of the borrower's monthly housing costs (principle, taxes, insurance, mortgage insurance, homeowner's association fees) as a percentage of monthly income. The "back" or "bottom" ratio includes housing costs as well as all other monthly debt.

Quitclaim Deed - A deed that transfers without warranty whatever interest or title a grantor may have at the time the conveyance is made.

Rate Lock - A commitment issued by a lender to a borrower or other mortgage originator guaranteeing a specified interest rate for a specified period of time at a specific cost.

Real Estate Agent

A person licensed to negotiate and transact the sale of real estate.

Real Estate Settlement Procedures Act (RESPA)

A consumer protection law that requires lenders to give borrowers advance notice of closing costs.

Real Property

Land and appurtenances, including anything of a permanent nature such as structures, trees, minerals, and the interest, benefits, and inherent rights thereof.

Realtor[®]

A real estate agent, broker or an associate who holds active membership in a local real estate board that is affiliated with the National Association of Realtors.

Recorder - The public official who keeps records of transactions that affect real property in the area. Sometimes known as a "Registrar of Deeds" or "County Clerk."

Recording - The noting in the registrar's office of the details of a properly executed legal document, such as a deed, a mortgage note, a satisfaction of mortgage, or an extension of mortgage, thereby making it a part of the public record.

Refinance Transaction - The process of paying off one loan with the proceeds from a new loan using the same property as security.

Remaining Balance - The amount of principal that has not yet been repaid. See principal balance.

Remaining Term - The original amortization term minus the number of payments that have been applied.

Rent Loss Insurance - Insurance that protects a landlord against loss of rent or rental value due to fire or other casualty that renders the leased premises unavailable for use and as a result of which the tenant is excused from paying rent.

Repayment Plan - An arrangement made to repay delinquent installments or advances.

Replacement Reserve Fund - A fund set aside for replacement of common property in a condominium, PUD, or cooperative project -- particularly that which has a short life expectancy, such as carpeting, furniture, etc.

Revolving Debt - A credit arrangement, such as a credit card, that allows a customer to borrow against a preapproved line of credit when purchasing goods and services. The borrower is billed for the amount that is actually borrowed plus any interest due.

Right of First Refusal - A provision in an agreement that requires the owner of a property to give another party the first opportunity to purchase or lease the property before he or she offers it for sale or lease to others.

Right of Ingress or Egress - The right to enter or leave designated premises.

Right of Survivorship - In joint tenancy, the right of survivors to acquire the interest of a deceased joint tenant.

Sale-leaseback - A technique in which a seller deeds property to a buyer for a consideration, and the buyer simultaneously leases the property back to the seller.

Second Mortgage - A mortgage that has a lien position subordinate to the first mortgage.

Secondary Market - The buying and selling of existing mortgages, usually as part of a "pool" of mortgages.

Secured Loan - A loan that is backed by collateral.

Security - The property that will be pledged as collateral for a loan.

Seller Carry-back - An agreement in which the owner of a property provides financing, often in combination with an assumable mortgage.

Servicer - An organization that collects principal and interest payments from borrowers and manages borrowers' escrow accounts. The servicer often services mortgages that have been purchased by an investor in the secondary mortgage market.

Servicing - The collection of mortgage payments from borrowers and related responsibilities of a loan servicer.

Settlement Statement - See HUD1 Settlement Statement

Subdivision - A housing development that is created by dividing a tract of land into individual lots for sale or lease.

Subordinate Financing - Any mortgage or other lien that has a priority that is lower than that of the first mortgage.

Survey - A drawing or map showing the precise legal boundaries of a property, the location of improvements, easements, rights of way, encroachments, and other physical features.

Sweat Equity - Contribution to the construction or rehabilitation of a property in the form of labor or services rather than cash.

Tenancy in Common - As opposed to joint tenancy, when there are two or more individuals on title to a piece of property, this type of ownership does not pass ownership to the others in the event of death.

Third-party Origination - A process by which a lender uses another party to completely or partially originate, process, underwrite, close, fund, or package the mortgages it plans to deliver to the secondary mortgage market.

Title - A legal document evidencing a person's right to or ownership of a property.

Title Company - A company that specializes in examining and insuring titles to real estate.

Title Insurance - Insurance that protects the lender (lender's policy) or the buyer (owner's policy) against loss arising from disputes over ownership of a property.

Title Search - A check of the title records to ensure that the seller is the legal owner of the property and that there are no liens or other claims outstanding.

Transfer of Ownership - Any means by which the ownership of a property changes hands. Lenders consider all of the following situations to be a transfer of ownership: the purchase of a property "subject to" the mortgage, the assumption of the mortgage debt by the property purchaser, and any exchange of possession of the property under a land sales contract or any other land trust device.

Transfer Tax - State or local tax payable when title passes from one owner to another.

Treasury Index - An index that is used to determine interest rate changes for certain adjustable-rate mortgage (ARM) plans. It is based on the results of auctions that the U.S. Treasury holds for its Treasury bills and securities or is derived from the U.S. Treasury's daily yield curve, which is based on the closing market bid yields on actively traded Treasury securities in the over-the-counter market.

Truth-in-Lending - A federal law that requires lenders to fully disclose, in writing, the terms and conditions of a mortgage, including the annual percentage rate (APR) and other charges.

Two-step Mortgage - An adjustable-rate mortgage (ARM) that has one interest rate for the first five or seven years of its mortgage term and a different interest rate for the remainder of the amortization term.

Two to Four Family Property - A property that consists of a structure that provides living space (dwelling units) for two to four families, although ownership of the structure is evidenced by a single deed.

Trustee - A fiduciary who holds or controls property for the benefit of another.

VA Mortgage - A mortgage that is guaranteed by the Department of Veterans Affairs (VA).

Vested - Having the right to use a portion of a fund such as an individual retirement fund. For example, individuals who are 100 percent vested can withdraw all of the funds that are set aside for them in a retirement fund. However, taxes may be due on any funds that are actually withdrawn.

Veterans Administration (VA) - An agency of the federal government that guarantees residential mortgages made to eligible veterans of the military services. The guarantee protects the lender against loss and thus encourages lenders to make mortgages to veterans.