

How to talk with your lender about loan modification

Hopefully you are calling your lender(s) as soon as you realize you are going to be late on your payments and taking action early on.

Whenever you are talking to your lender it will pay to be organized and to have your pertinent information at hand. We recommend you start by completing our borrower lender application online or downloading it and having it at hand whenever you contact your lender.

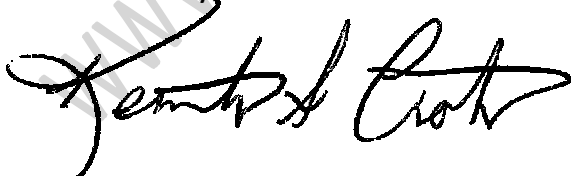
1. Have your loan number, lender information, their phone number, and your social security number on one sheet so easy to find.
 - a. If you are seeking a loan modification, a short sale or any concession from the lender, they are going to require a financial package to determine your eligibility. You can download a free one at www.KingCountyHomeSolutions.com or fill it in online and print it. Having this information completed and at hand whenever you sit down to make the calls, it will save you the time and energy of waiting for them to send you one, and will move the process along faster.
2. Keep notes on your conversations and who you are talking to, the date and the time. They are keeping notes and so should you. Organized note pages are available on our site.
 - a. Throughout the process you will find different individuals giving different and often conflicting information.
3. Be prepared to wait on hold for 30 minutes to an hour each time you call. They will sometimes send you to full voice mail boxes, just hang up or send you to the wrong department. Keep calling.
4. Determine which department you need to be talking with. You may be getting calls from the collection department while you are negotiating with the loss mitigation department. Each one being unaware of each other's contact with you.

- a. Once you get a hold of someone in that department, get the direct number so you can avoid going through the switchboard in the future.
 - b. You will also want to collect email addresses and direct fax numbers.
5. When you get to the right dept you can now start a conversation with someone who has the access to the right information. Gather all contact numbers, fax numbers, emails etc so that you can communicate in multiple ways to get the best results.
 - a. For the most part, it takes time, determination and tenacity to get the information I mentioned above. They do not want to give it out. They will always walk you through a series of questions about your loan and your status to pay that loan. Be prepared to be vague. They type everything.
6. Remember, the banks are acting as debt collectors. Their whole objective is to intimidate you until they get more money. It is not always in the best interest of all parties including the banks, but it is what they are ultimately after.
7. With any kind of request to modify the terms of your loan you are going to have to qualify. Having our financial packet completed ahead of time will help. If your lender thinks you don't make enough money to afford a modified mortgage -- even if it dramatically reduced the interest rate or extended the loan -- they will only offer you a way to catch up on your existing loan.
8. These catch-up plans will not lower, and can even increase, your payments:
 - a. **Forbearance** will allow you to make partial or no payments for a few months -- but you'll be expected to make up the difference later plus penalties.
 - b. **Reinstatement** lets you catch up on any missed payments and pick up paying your monthly obligation as before.
 - c. **Revised repayment plans** add missing payments to future payments on a prorated basis -- plus interest. The increased payments can be paid back over a period of time until you are current.
9. As you might expect, most borrowers given a catch-up plan quickly default because they still can't afford the payments and, unfortunately, lenders have been more likely to offer catch-up plans than modified mortgages.

10. The lender is going to offer you the alternatives that are best for them in order from best to worst. Their first offer will likely be forbearance, the revised payment plans, then extended terms from 30 to 40 years, then lower interest rate and so on. Each successive offer is going to be accompanied by statements like "this is the best we can do", "that's all I can offer you". The difficult part is knowing whether that is a true statement or not. If you call their bluff you may find that that was it. I have seen it go both ways.
11. The key is to continually work to get your file escalated to the next level. There may be 3 -5 pre-negotiation levels and 2-4 levels of negotiators at the bank. Each one is charged with settling out as many of their files as possible for as little loss as possible before it moves to the next level. You are going to have to determine if the person you are negotiating with has the authority to grant you what you need or if your goal is just to get through them to get to the next level.
12. Keep in mind that to the banks this is just a process. The process is designed to maximize their benefit which is usually to your detriment. The process is long and arduous by design and you will be in the dark as to what they are thinking, what they are actually willing to do, and when you are actually close to resolving your lender issues. This is where you need to be tenacious and determined in your resolve to get an acceptable conclusion.

In our experience the only thing that really works is having a never quit attitude and never accepting anything less than success when dealing with the lenders. Do not allow them to intimidate you into accepting less than an acceptable solution. Keep dialing, keep smiling and good luck! We hope this insight on how to talk to your lender proves invaluable. Please share your successes with us. We love to hear of homeowners stories about how they succeeded with their lenders.

Sincerely,



Ken Crotts
Broker, Certified Short Sale Specialist
Windermere Real Estate
Office: 425-432-8600
Direct: 206-999-7998



Certified Short Sale Specialist

KingCountyHomeSolutions.com

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Government Links to Useful Sites

You may have heard the President Obama signed the Making Home Affordable legislation this year. In short there are two parts to the plan. If your 1st mortgage is backed by Fannie Mae or Freddie Mac, the act provides for affordable refinancing of your existing loan. That means that they make a new loan and take out the old one all together.

Making Home Affordable offers to help borrowers who are already behind on their mortgage payments or who are struggling to keep their loans current. By providing mortgage servicers with financial incentives to modify existing first mortgages, the Treasury hopes to help as many as 3 to 4 million homeowners avoid foreclosure regardless of who owns or services the mortgage.

To apply for a Home Affordable Modification, you must:

- Be an owner-occupant in a one to four unit property,
- An unpaid principal balance that is equal to or less than \$729,750 (for one unit properties and higher for two to four unit properties (consult your servicer),
- A loan that was originated before January 1, 2009,
- A mortgage payment (including taxes, insurance, and home owners association dues) that is more than 31% of your gross (pre-tax) monthly income and
- Have a mortgage payment that is no longer affordable, perhaps because of a significant change in income or expenses.

[Home Affordable Modification](#)

http://makinghomeaffordable.gov/modification_eligibility.html

Eligible borrowers who are current on their mortgages but have been unable to take advantage of today's lower interest rates because their homes have decreased in value, may now have the opportunity to refinance into a 30 or 15 year, fixed rate loan. Through the Home Affordable Refinance program, Fannie Mae and Freddie Mac will allow the refinancing of mortgage loans that they own or that they placed in mortgage backed securities.

To apply for a Home Affordable Refinance, you must:

- Be an owner occupant of a one to four unit home.
- The loan on your home is owned or controlled by Fannie Mae or Freddie Mac
- You are current on your mortgage payments (current means that you haven't been more than 30-days late on your mortgage payment in the last 12 months.)
- You believe that the amount you owe on your first mortgage is about the same or slightly

less than the current value of your house, and

- You have a stable income sufficient to support the new mortgage payments.

[Home Affordable Refinance](#)

http://makinghomeaffordable.gov/refinance_eligibility.html

Treasury is providing incentives to your investor to write the interest down as low as 2%, if necessary to get to a payment that you can afford based on your income.

If a 2% interest rate does not result in a payment that is affordable (31% of your gross monthly income), your servicer will:

- First try to extend your payment term. At the servicer's option your payments could be extended out to 40 years.
- If that is still not sufficient your servicer will defer repayment on a portion of the amount you owe until a later time. This is called a principal forbearance.
- A portion of the debt could also be forgiven. This is optional on the part of the investor. There is no requirement for principal forgiveness.

As contracts with servicers and investors are signed, the list of participants will be posted at www.financialstability.gov. Borrowers should first check there to see if their servicer is listed. If so, you should call your servicer back and ask to speak to a supervisor or you may contact a HUD-approved housing counselor for assistance. If your servicer is not participating in the program, you should ask your servicer or a housing counselor about other workout options that may be available.

If you find that you do not qualify or have been in negotiations with your lender for more than 45 days without results contact us at www.KingCountyHomeSolutions.com to seek other alternatives. If you are behind on your payments your lender is likely to proceed with the foreclosure process even though you are communicating with them. To see where you are at in the process of foreclosure [click here](#). It is important to keep an eye on the lenders foreclosure progress in order to avail yourself of other solutions like short sales. If you are less than 4 weeks to the foreclosure sale date you must take immediate action. If you do not know what your date is call, text, email or twitter us your address and we will look it up for you.

We are committed to helping you avoid the loss of your home through foreclosure. We are ready to put 23 years of real estate experience and extensive training to work for you.

KingCountyHomeSolutions.com

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Lender Contact and Tracking Sheet

1st Lender Information

Lender One Name	Phone Number
Loan Number	
SS#	SS#2
Contact Person 1	Phone
Email	Fax
Contact Person 2	Phone
Email	Fax
Contact Person 3	Phone
Email	Fax
Contact Person 4	Phone
Email	Fax
Contact Person 5	Phone
Email	Fax

2nd Lender information

Lender Two Name:	Phone Number
Loan Number	
Contact Person 1	Phone
Email	Fax
Contact Person 2	Phone
Email	Fax
Contact Person 3	Phone
Email	Fax
Contact Person 4	Phone
Email	Fax
Contact Person 5	Phone
Email	Fax

Lender Conversation Log

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KingCountyHomeSolutions.com

Agency Name	Phone Toll-Free Fax Number Email Website	Address	Counseling Services	Languages	Affiliation
CLEARPOINT FINANCIAL SOLUTIONS, INC.	P: 804-222-4660 T: 877-877-1995 F: E: customer.service2@clearpointfs.org W: www.clearpointcreditcounselingsolutions.org	841 North Central, Suite #C-213 Kent, Washington 98032	- Loss Mitigation - Money Debt Management - Mortgage Delinquency and Default Resolution Counseling - Prepurchase Counseling	- English	CLEARPOINT FINANCIAL SOLUTIONS, INC.
CLEARPOINT FINANCIAL SOLUTIONS, INC.	P: 877-877-1995 T: 877-877-1995 F: E: customer.service2@clearpointfs.org W: www.clearpointcreditcounselingsolutions.org	9709 3rd Ave., N.E., Suite#210 Seattle, Washington 98115	- Loss Mitigation - Money Debt Management - Mortgage Delinquency and Default Resolution Counseling - Prepurchase Counseling	- English	CLEARPOINT FINANCIAL SOLUTIONS, INC.
HOMESIGHT	P: 206-723-4355 T: 888-749-4663 F: 206-760-4210 E: info@homesightwa.org W: www.homesightwa.org	5117 Rainier Avenue South Seattle, Washington 98118-1928	- Homebuyer Education Programs - Mortgage Delinquency and Default Resolution Counseling - Prepurchase Counseling	- Arabic - Cambodian - Cantonese - Chinese - Mandarin - French - Hindi - Indonesian - Korean - Polish - Portuguese - Russian - Spanish - Vietnamese	MON VALLEY INITIATIVE
INTERNATIONAL DISTRICT HOUSING ALLIANCE	P: 206-623-5132-320 T: F: 206-623-3479 E: toan@apialliance.org W: www.idhousingalliance.org	606 Maynard Avenue South Ste #105 Seattle, Washington 98104-2995	- Homebuyer Education Programs - Mortgage Delinquency and Default Resolution Counseling - Postpurchase Counseling - Prepurchase Counseling - Renters Assistance	- Cambodian - Cantonese - Chinese - Mandarin - English - Others - Vietnamese	WASHINGTON STATE HOUSING FINANCE COMMISSION
SOLID GROUND WASHINGTON	P: 206-694-6766 T: 866-297-4300 F: 206-694-6777 E: donnad@solid-ground.org W: www.solid-ground.org	1501 North 45th Street Seattle, Washington 98103-6708	- Home Equity Conversion Mortgage Counseling - Money Debt Management - Mortgage Delinquency and Default Resolution Counseling - Predatory Lending - Renters Assistance	- Russian - Spanish - Vietnamese	

URBAN LEAGUE
OF
METROPOLITAN
SEATTLE

P: 206-461-3697
T:
F: 206-461-8425
E:
ltaylor@urbanleague.org
W:
www.urbanleague.org

105 - 14th Avenue
Seattle, Washington
98122-5558

- Home Equity Conversion Mortgage Counseling
- Homebuyer Education Programs
- Marketing and Outreach Initiatives
- Mortgage Delinquency and Default Resolution Counseling
- Postpurchase Counseling
- Predatory Lending
- Prepurchase Counseling
- Renters Assistance

- English

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P: 253-355-2227
T: 800-355-2227
F: 253-582-5158
E: yvones@ccnw.org
W: www.ccnw.org

3560 Bridgeport Way
W Ste #1-D
University Place,
Washington 98466

- Home Equity Conversion Mortgage Counseling
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- Homebuyer Education Programs
- Loss Mitigation
- Money Debt Management
- Mortgage Delinquency and Default Resolution Counseling
- Postpurchase Counseling
- Predatory Lending
- Prepurchase Counseling
- Renters Assistance

- English
- Russian

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