

What is Loan Modification & How does it work?

A loan modification is a change in the loan contract agreed to by the lender and the borrower. It is a win/win for both the borrower and the lender because it allows the borrower to stay in their home making payments that are now affordable and it helps the bank from foreclosing. Often times a home owner finds themselves struggling to make their mortgage payments along with all of their other monthly debts and this leads to a very stressful and challenging situation.

You should first attempt to work this out with your lender at no cost; If that fails, then you may want to hire a Law Firm who are loan modification experts. They specialize in helping people find alternatives to foreclosure and the loss of their home. They understand that the situation you're in is often due to circumstances outside of the borrowers' control. They work with the borrower to understand their financial situation, the circumstances and hardship and work to determine a payment that's affordable. Then working with the lender/servicer they negotiate the new terms on your behalf. In addition to their expert staff, they have a full time major negotiators working on your behalf. Their objective is to make sure that you realize that no matter how bad your situation might be foreclosure may be avoided if you take **prompt action**.

How do I know if I am a candidate for a loan modification?

If you answer yes to one, some, or all of the below questions, you may be a good candidate to have your loan modified. Please remember, in order to qualify for a loan modification a hardship must exist or is imminent and must be effectively communicated. A loan modification is not a replacement for a traditional refinance, it is only used in combination with a hardship.

- Have you been turned down for a refinance?
- Is your loan a higher amount then your home is now worth due to declining market values?
- Do you have poor credit?
- Have you been late on making your mortgage payments?
- Has your income recently been greatly reduced? Loss of job? Change in jobs?
- Health issues caused time away from work?
- Recent divorce and now you don't have enough money to meet your monthly bills?
- Are you a business owner and your work load has declined, effecting your ability to pay your monthly bills?
- Are you in an "adjustable" loan, an "Interest Only" loan or an option arm that is getting ready to adjust or has adjusted, and you are struggling to make the payments?

How much does this cost? Per your consultation with Attorney...

Standard flat fee or hourly rate available

If you have a second mortgage and it is with the same company they are more willing to modify; if with a different company and the payment is \$300 or less they will most likely not negotiate because there is not enough to work with and there is an additional charge.

As you go through the process there may be additional information and documentation needed. Please also keep in mind that this letter doesn't constitute a commitment or approval for assistance. Normal collection proceedings up to and including foreclosure, will continue during the reviewing process. Typically with most lenders/servicers as soon as a borrower's file is assigned to the representative to work, they are in communication with their other departments advising them the borrower has requested a loan modification. **Please be sure to send ANY & ALL correspondence from your lender throughout the whole process.**

In order to assist you in gathering the necessary information, as well as expediting the process, I have enclosed various forms that we need to have you complete and return. I recognize the anxiety that is caused when in a mortgage you're struggling to pay and will work alongside you through this process. I value you and our relationship with you and trust that, together, we can help improve your situation. Please complete these forms and return them to me as quickly as possible. If you have any questions please feel free to contact me immediately.

In Partnership,

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What is a Short Sale?

WHAT IS A SHORT SALE? A "Short Sale" or "negotiated settlement" or "short pay" occurs when a Lender agrees to accept less than the amount owed to payoff a loan as an alternative to foreclosure. If the property is worth less than the amount owed on the loan, then even if the Lender forecloses and takes back the property, they know they are going to take a loss. We can often convince a Lender that they will "do better" if they take less than what is owed now rather than taking the property back by foreclosure and trying to sell it later.

HOW LONG WILL IT TAKE? The Short Sale negotiation process is a lengthy one. It may take several weeks or more likely several months to get an approval. Many Lenders have several layers of bureaucracy, insurers, and investors that we will have to maneuver through in order to get a Short Sale approved. So it is important to be patient during this long process.

BUT MY HOUSE IS GOING TO FORECLOSURE, WILL I HAVE ENOUGH TIME? Maybe, maybe not. Just starting a Short Sale will not automatically stop a foreclosure. However, many times we can convince a Lender to stop the foreclosure to let us attempt to negotiate the Short Sale. So, while there are no guarantees, it does not hurt to try.

CAN I STAY IN THE HOUSE? The key word in "Short Sale" is *sale*. The purpose of a Short Sale is to get the property sold. So you will be moving. This is not a program that can stop a foreclosure and allow you to keep the house indefinitely. It will be easier to sell the house if it is vacant, so you should make plans to move as soon as possible.

HOW DO I KNOW THIS WILL WORK? You don't. We cannot, have not, and will not make any promises to you that this will work. Once you missed a payment, the Lender is in charge and can proceed to foreclosure if they want to. But we know they do not want to and we are very good at presenting alternatives to the Lender that they often want to accept rather than foreclose. We are very good at what we do, but NO PROMISES are being made as to whether or not the Lender will accept a Short Sale – they may or may not.

WILL I GET ANY MONEY FROM THE SALE? NO. A universal requirement of Lenders in granting a Short Sale is that the borrower will not get any proceeds from the sale of the property. The Lender is going to take a loss on your loan – they are not going to let you get any money.

WHAT HAPPENS IF THIS DOESN'T WORK? Your house will likely go to foreclosure. A Short Sale is something we try after you have exhausted your other options.

WHAT IS A "RELEASE": A Lender may offer to "release" its security interest against the property in exchange for less than the total amount of the note. A release will allow the property to be sold without paying off the obligations of the note. However, the note is not satisfied. *Advantages:* This successful Short Sale will allow the property to be sold and thus avoid a foreclosure. *Disadvantages:* The remaining debt on the property (sometimes called a "deficiency") still exists. You are still liable for the note – in other words – you still owe the money. *Reality:* It is not likely that the Lender will pursue the deficiency unless you have other significant assets, and if you don't try a Short Sale and the property goes to foreclosure, you are going to have a deficiency anyway.

WHAT IS A "SATISFACTION": A Lender may agree to accept less than it is owed as complete and total satisfaction of the note and release its lien against the property. *Advantages:* Your note and obligation to the Lender are satisfied for less than you owe. When the property is sold, the debt is paid off completely. *Disadvantages:* You may have some tax consequences that you should discuss with your tax advisor due to the fact that the Lender is making money you owe disappear. Sometimes our negotiations are successful in obtaining a satisfaction. Sometimes all we can get is a release.

HOW CAN I HELP? The Lender will require a review of a financial package that usually includes: two months' bank statements, two months' pay stubs, two years' IRS tax returns and other information. The leading cause of delay and even denial of our offer to the Lender is caused by the Seller failing to deliver these items in a timely manner. To help us succeed, please find as much of this information as you can right now and complete the attached "Financial Worksheet" – this will help us work faster and increase our success.

Please follow the steps below for Loan Modification & Short Sale.

Even if you are Current on your Mortgage, Presently in a Modification, Repayment Plan, Forbearance or Foreclosure If in BK-13 it would have to be dismissed***

1---The first step in applying for a Loan Modification or Short Sale is to fill out the application & forms attached or you may complete the form online "IN IT'S ENTIRITY" on my website. www.EZAffordable.com
Click on the link APPLY for "LOAN MODIFICATION" or "SHORT SALE"
then Click on link "APPLY FOR MODIFICATION" same form for both short sale and loan modification

2---**I will need the following faxed to 1-800-948-9104: (E-FAX)**

- (A) ATTACHED CONTACT INFORMATION FORM
- (B) ATTACHED EXPENSE AND ASSET WORKSHEET
- (C) ATTACHED PROFIT AND LOSS FORM ** If self employed
- (D) ATTACHED AUTHORIZATION FORM
- (E) HARDSHIP LETTER****In your own words please explain what is causing the challenge with making your mortgage payment. If the hardship stems from the account either recently adjusting or about to adjust upwards, please state that and the difficulty it will present. Because the hardship letter is so important, please consider these key elements when you write your letter: What happened to cause the current situation? What has been done or is being done to rectify the situation? How has the situation improved (include this item especially if a Notice of Default has been filed)? How will getting a loan modification benefit you and your family? ******Sample Letter provided with attachment******
- (F) COPY OF DRIVERS LICENSE AND SOCIAL SECURITY CARD (need for spouse even if they are not on the loan or they do not contribute any income)
- (G) MORTGAGE STATEMENT OR COUPON FOR 1ST & 2ND MORTGAGES (THE NOTE, if available)
- (H) MOST RECENT PAYROLL STUBS – Copies of pay stubs for the past month for both the borrower and co-borrower. If receiving Social Security, Pension, Child Support or Disability please include Award Letter and recent check stub, bank statement, and/or end of year tax summary showing received payment; If self employed, recent Profit & Loss may be required.
- (I) MOST RECENT BANK STATEMENTS, 401K, IRA, CD's, etc. – Copies of the last 3 months bank statements for all checking and savings accounts (if self-employed--6 months personal & business statements required).
- (J) MOST RECENT 2 YEARS TAX RETURNS & W-2's – Copies of originals with signatures (ALL SCHEDULES). (If self-employed include P/L and all other schedules)
- (K) COPY OF TAX BILL AND HOA DUES (if applicable)

Understand that there is no typical result for this process. Each situation is unique and there isn't any consistency among the various lenders. One factor is the investor that actually holds the note, as some investors are more willing to negotiate than others. .

Building Relationships for Life...Expect to be Impressed!!!

Partner Business Name: _____ E-Mail: _____

Contact Name: _____ Phone: _____

Modification Specialist Contact Name: _____

Borrower Name: _____ Co-Borrower Name: _____

Borrower Social Security #: _____ Co-Bor Social Security #: _____

Borrower Email: _____ Subj Street Address: _____

Phone: _____ City: _____ Zip Code: _____ State: _____

1st Mortgage Amount: _____ Lender: _____

Loan Type: _____ (Ex. 2/28, 3/27, 5/1, Neg/Am-Option ARM, 30 yr fixed)

Start Rate: _____ Adjust Date: _____ Adjust Rate: _____

2nd Mortgage Amount: _____ Lender: _____

1st Mtg Payment: _____ 2nd Mtg Payment: _____

Payment has/will increase by (date): _____ (estimate)

Impounds included in payment? Yes or No, Impound Amount: _____

Est Value of Home: _____ Mortgage Pmt History: _____ (0x30, 1x30, 1x60, 1x90, 1x120)

Property Type: _____ (SFR, Condo, Town, Duplex, Other)

Borrowers Monthly Net Income: _____

Co-borrowers Monthly Net Income: _____

Is this a Rental Prop? _____ Do they own other Properties? If Yes, How many? _____

If other properties are owned please provide Rental Agreement and Mortgage Coupons.

Remarks: _____

Expenses And Assets Worksheet

Monthly Expenses	Assets
1st/Primary Loan: _____	Home: _____
2nd Loan/HELOC: _____	Checking: _____
Taxes: _____	Savings: _____
Insurance: _____	Other Real Estate: _____
Auto Payment: _____	Autos/Boats/RVs: _____
Auto Insurance: _____	IRA: _____
Auto Maintenance: _____	401K: _____
Transportation: _____	Stocks/Bonds: _____
Personal Loan: _____	Other _____
Credit Cards: _____	Other _____
Child Care: _____	Other _____
Alimony: _____	Other _____
Student Loans: _____	
Tuition: _____	
Food: _____	
Utilities: _____	
Home Phone: _____	
Cell Phone: _____	
Medical: _____	
Memberships: _____	
Cable: _____	
Other _____	
Other _____	
Other _____	
Other _____	

**AUTHORIZATION FORM ALLOWING MY LENDER TO SPEAK TO A THIRD PARTY ON MY BEHALF
NEED A SEPARATE ONE FOR EACH LENDERS, if applicable...**

To (Lender): _____

Borrower's Name:		Date:
Property Address:		
City:	State:	Zip:
Social Security #:	Loan #:	

I authorize my Modification Services agent to communicate with my mortgage lender(s) concerning the hardship that may prevent me from continuing to make any more payments on my home loan.

I am requesting my mortgage lender(s) to allow my Modification Services agent to do whatever is possible to avoid foreclosure due to the hardship I am experiencing.

Borrower Signature

Co-Borrower Signature

Borrower Printed Name

Co-Borrower Printed Name

Date

Date

Modification Services Representative Printed Name

Modification Services General Counsel, Name

Phone number and extension of representative

Phone number and extension of General Counsel