FORECLOSURE INFORMATION

EVERYTHNG YOU NEED TO KNOW TO TALK TO YOUR LENDER

Confidential Business Information

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Foreword

Many homeowners are feeling financial pressure, not just from adjustable rate mortgages with expiring introductory rates, but also from hardships such as medical issues, loss of a family member as well as a lull in the economy. With monthly payments, gas prices and insurance costs at a high, more and more families are finding themselves with good jobs and credit, yet no longer able to manage on their monthly income. To compound the issue, in a declining real estate market, these same families are unable to qualify for a fixed rate or sell their home as they now owe more than the home is worth.

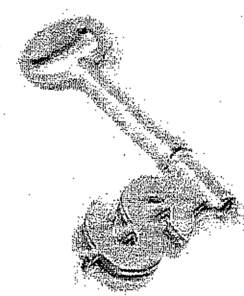
On the flip side, banks are also feeling the pressure. More and more homeowners are falling behind on payments, defaulting on their loans and ending up at foreclosure auction, where the majority of the homes end up reverting back to the bank. As a result, lenders are experiencing record breaking losses that threaten their livelihood. Mortgage companies are filing bankruptcy while large financial providers are leaving the market all together.

The current market leaves homeowners asking, "Is there any hope for resolving this financial dilemma?"

The key to finding resolution lies in renegotiating the note between the lender and borrower. Through Loss Mitigation homeowners can work with their individual banks to find affordable alternatives to foreclosure and stay in their homes.

These are uncharted waters for most homeowners. Learning to work within timelines, knowing which documentation to provide and just what options are available are foreign concepts that can be overwhelming.

Every homeowner's situation is unique. Some circumstances are more complex and can require the assistance of a professional. However, in most cases, with the right information and step by step guidelines, homeowners are able to negotiate with the bank themselves and achieve affordable results.



As you travel through the pages of this manual you will come to know the options you have available through your bank, how to gather the information you need and put it together in such a way that you can negotiate the best alternative for your situation. By working together, homeowners and banks find mutual ground where the bank can continue to be paid and the homeowner can stay in their home and ride out the current real estate market.

TERMINOLOGY

Before you begin we would like to cover a few key phrases that are important to understand and will help you to navigate through the world of loss mitigation.

You will be able to refer back to these definitions as you work through the guide.

1. **Amortization**- Every loan is payable in equal monthly payments over a specific amount of months. Every loan pays the interest in arrears and principal balance down to zero. All of the interest is calculated upfront and then added to the principal and a schedule for paying it back is created. The catch is that the bank always gets paid first. So, most of your payment goes toward interest in the beginning and as the loan gets further along you begin paying less on interest and more toward the principal until the principal is down to zero at the end of the term.

2. **Arrears** - The total amount of money that the homeowner owes the bank. This amount will include all monthly payments missed, foreclosure fees and costs incurred by the bank. This can add up to anywhere from $800 - $2300 depending upon the state where you reside.

3. **Capitalization**- Capitalization means that a lender adds the interest that accumulates on a loan to the outstanding principal balance, increasing the total amount owed (or the balance) on the loan. After that, interest is charged on the new total principal balance.

4. **Contribution Letter** - This is a letter submitted during the work out process from someone outside the home who is contributing to the income of the home on a monthly basis.

5. **Disposable Income** - This is the amount of money that a household has left after all the expenses for a month have been paid.

6. **Forbearance**- Forbearance is generic term defining a period of time during which a lender permits a borrower to temporarily cease making payments, to make reduced payments, or to delay payments. Forbearances are usually granted at the discretion of the lender. The borrower is responsible for the interest that accrues; and, if unpaid, the interest may be capitalized. Forbearances are often used to bring delinquent loans current in situations where there is a legitimate financial hardship, but the borrower doesn't qualify for a deferment.

7. **Good Faith Down Payment** - How much money the homeowner can give to the bank against the total arrearage is called a Good Faith because it demonstrates to the bank that borrower is seriously committed to bringing themselves current- they are willing to put their money where their mouth is!

8. **Hardship Letter** - When a request for loss mitigation is submitted to the bank, they in turn will ask for a letter that outlines the reason for the default on the loan and describes the hardship in writing. The bank wants it in writing, so that any employee who works with the file can be aware of the home owner's hardship in their own words. The letter should be exact with dates for loss of job, illness and or death as well as dates of going back to work.

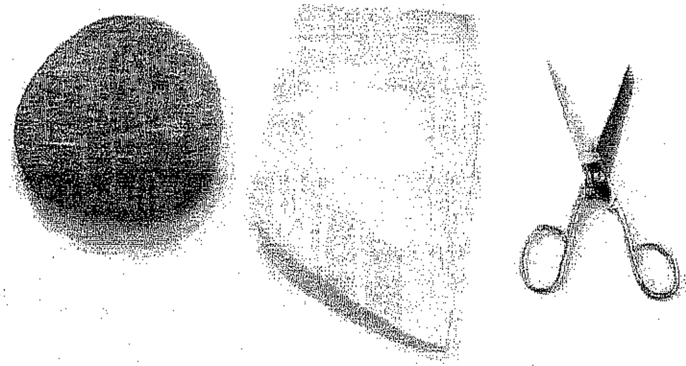
9. **Maturity Date**- The date that the last payment is made, the balance is zero and the note has fully "matured" is considered the maturity date.

10. **Net Income** - This is the amount of money that you get paid AFTER the taxes have been deducted from your checks.

11. **PITI**- This is a common acronym for Principal, Interest, Taxes and Insurance). Every payment a borrower makes on a loan ordinarily consists of these four things. The insurance part is deposits towards your hazard insurance on your property that your lender requires to insure that if anything hazardous happened to the property, they will still be paid. Many borrowers also have their taxes on the property paid through the lender and this is lumped in to the monthly payment to be paid out once or sometimes several times a year.

12. **Term**- Refers to how long the borrower has to pay back the loan. If a note is a 30 year fixed, then the term of a note is 360 months of equal monthly payments. Taking the amount owed and spreading it over 360 with PITI determines how much the payment will be each month.

CHAPTER 1
Knowing Your Options



INTRODUCTION

Before entering in to any negotiation it is important to understand the options you have in front of you to facilitate the best outcome. By being well versed in your options you can accurately determine which option is the most practical for your specific situation.

In this chapter we will explore each loss mitigation option individually and take an in-depth look at your alternatives, what purpose they serve and the pros and cons of each option along with their qualifying criteria.

SQUARE ONE

What is **loss mitigation**?

Simply put, loss mitigation is the process of negotiating with the bank in order to stop the foreclosure process by creating a workout solution that you can afford.

The process of is made up of several strategies that are designed to **preserve homeownership.** Meaning that banks really do want you to keep your home and are willing to do what they can to help.

Banks acknowledge that their borrowers, or lien holders, can come upon hardships that result in falling behind on payments. Falling behind on payments is commonly referred to as default. The amount that you are behind is called **arrears.** Banks also acknowledge that they are in a position to help those who are willing and able to work out a solution to their default and pay back arrears in the best way that their finances will allow.

History: Loss mitigation has been around since the creation of the loan and was created as a shared effort between the federal government (who monitors the mortgage industry) and lenders (who monitor your loan), in order to help homeowners that were at risk of losing their homes due to getting behind on payments. While some lenders may be more approachable and helpful than others, all lenders have the ability to work within the framework of a note to assist the borrower. The federal government has seen to this and even offers banks some incentives by helping them to recoup losses associated with assisting distressed borrowers.

Preventative loss mitigation is when the bank sees that you are headed for troubled waters with your note and takes measures to ensure that you don't default by counseling and working with you before you fall behind. There are tell tale signs of late payments or partial payments that alert banks to potential danger with a borrower. Most people do not realize that banks can begin working with the terms of your note before you ever miss a single payment.

The loss mitigation process can be handled by you (the mortgage holder), a representative of you (such as a family member) or by a third party that works strictly in your best interest (a professional loss mitigation company representative).

The benefit of loss mitigation for you is that it is a comprehensive process that allows you to get back on track with your mortgage through a program that is tailored by what you can afford. The benefit for the bank is that it significantly cheaper for the bank to create a work out program than to pursue foreclosure. In some instances banks can even receive reimbursement costs that they incur when working out loss mitigation options with the home owner from the federal government.

The FDIC, Board of Governors for the Federal Reserve and the Conference of State Bank Supervisors (CSBS) among other powerful agencies have recently stepped up and strongly encouraged federally regulated institutions to apply loss mitigation tactics in order to create maintainable mortgage work out programs with their borrowers.

Ultimately, always remember that lenders want to keep you in your home. The catch is that it is up to you to demonstrate to them that you will be able to catch up and maintain that mortgage payment in the future under the right program.

SUMMARY OF OPTIONS

Your goal through the loss mitigation process is to set up one of the options that are outlined below – an affordable solution that will keep you and your family in your home.

Since loss mitigation is about keeping the home owner in their home and given that every home owner's situation is unique, there are naturally several ways to accomplish this. It is first necessary to find the right fit between the home owner's circumstances and the work out program. The most common outcomes are:

- ✓ **Repayment Plan**
- ✓ **Loan Modification**
- ✓ **Partial Claim &**
- ✓ **Special Forbearance**

Repayment Plan allows a homeowner to repay the arrears over a designated amount of time. This is usually between 12 to 24 months. The amount of time is predicated by the amount of disposable income (money left over each month after expenses) the homeowner has. The amount of the arrears is divided by the length of the payment plan and the additional payment is then determined.

Loan modification is a permanent change to one or more terms of your loan in order to reinstate it at terms that you can afford. This can include a partial payment of the amount you are behind, an extension of your loan terms to make up for the remainder amount of the loan that is in default or even a change to your interest rate. Usually, a loan modification will take the bulk of your arrears and put it into the lifetime of your loan. The amount is added to the principle and then recalculated at the agreed upon interest.

Partial Claim is an option for home owners with FHA loans who can meet the Department of Housing and Urban Development (HUD) guidelines. A partial claim is when a home owner is given an interest free loan, guaranteed by HUD, to pay off the arrears in order to bring their loan current. The loan has to be repaid when the first mortgage is paid off or when the property is sold.

A **Special Forbearance** is used when a loan is three months to 365 days behind (depending on the state the property is located in) and/or a serious hardship has occurred. When borrowers fall this far behind they amass larger arrears which are much more difficult to bring current. Special forbearance can vary by lender, but it begins with a stop to legal action, meaning that they do not pursue foreclosure while you are catching back up. It is usually a suspension in payments for a specific period of time, usually no more than 18 months, and at the end of the suspension period there can be a loan modification on the note to make the monthly payments more affordable. In certain situations, special forbearance can be extended up to 24 months.

Keep in mind that loss mitigation is a negotiation! Every lender can vary a little or a lot from this loss mitigation strategy guideline. The true success in negotiations is going to depend on YOU.

By working with the loss mitigation representative at your bank and analyzing your finances, you can determine the best work out program for you. But, this is just a quick look at the strategies for loan work out that are available.

Repayment Plan

Definition: *When a borrower has fallen behind on their payments, but can begin making them again, their arrears are divided in to amounts that the borrower can afford monthly and added to the regular mortgage payment until the delinquency is paid in full.*

How Does a Repayment Plan Work?

A repayment plan is the simplest of the loss mitigation strategies and is used by loss mitigation representatives (and is the easiest solution for the bank) 4 to 1 over the other tactics (solutions). So, when you contact a loss mitigation rep, this is usually the first step they will take as it is the most straight forward resolution to loan default.

A repayment plan begins with an assessment of your monthly financial obligations and then determining how much "extra" you can afford a month to get caught up on your back payments in a reasonable period of time.

For example, if a home owner owes $14,000 in back payments and they only have $400 extra per month. Banks will not take all of your extra income, however, even if they were to take half a repayment plan over 70 months (or nearly 6 years) is unlikely. However, if the homeowner were behind $1,400 with that same $200 per month, a repayment plan over the course of 7 months would be feasible.

Repayment plans are very simple and the only qualification requirement is to be able to demonstrate your ability to make the arranged payment. There is no interest charges, administration fees or penalties associated with a repayment plan.
Through an assessment of your finances and an agreed upon solution with your representative you can be quickly on your way out of default and back in to your loan.

The more sophisticated tactics for loss mitigation are used when there is a greater hardship, lack of income or difficulty in managing an increasing loan balance. Loan modification, partial claim and special forbearance are the next steps to be explored in the event that a repayment work out plan can not be created.

LOAN MODIFICATION

Definition: *A permanent change to one or more of the terms of your loan. The ultimate goal of a loan modification is to reinstate the loan with a payment that you can afford.*

What Does It Mean To Modify A Loan?

There are several ways that a loan can be modified as every loan has several terms that determine how much your monthly payment will be.

The first term that can be modified is the **interest rate.** In many cases loans have a low introductory interest rate that sets the payment at an amount the borrower can comfortably afford. Once that introductory rate expires, however, the rate rises and the monthly payments raises right along with it! It's not long before borrowers find themselves with more payment than they can afford after one, two or more rate adjustments. In these cases a bank will adjust the interest rate back to the original rate of the note to make the payment affordable for the home owner again.

Once uncommon, but growing in popularity, interest rates are being reduced below market rate more and more often by lenders. Once the interest rate has been determined, the entire loan is re-amortized and the new loan begins.

The second way a loan can be modified is through an **extension of the loan.** Extending the term, or length, of the loan and then re-amortizing the loan, the payment is lowered.

Re-amortizing means that the current principal balance is determined and then stretched back over the term of the note at the interest rate. For example, if a borrowers original note was for $200,000 for 30 years and after five years of paying on the note the principal would be somewhere around $190,000. On a 30 year fixed at 8.5% interest, the monthly payment would be about $1,500.

If the lender re-amortized the loan for the borrower, they would take the current principal at $190,000 and spread it over 30 years at a new interest rate of 6.5%, the new monthly payment would be approximately $1,200, saving the homeowner roughly $300 a month and bringing their loan current at a lower long term rate.

Another way that lenders modify a loan is through **capitalization of delinquent principal, interest or escrow terms**. When the other modifications will not work, if the interest rate is already at or below market or the arrears are too high to pay back in an agreeable time frame, then the lender can use capitalization. Capitalization is when the lender adds the arrears in to the remaining balance of the loan. Once they add them in, then they re-amortize the loan.

So, let's take the example where after 5 years of payments the borrower owes $190,000 and let's say they are behind $4,500 in arrears for missed payments. With capitalization, the lender would add the $4,500 to the $190,000, for a total principal balance of $194,500 and "recast" the loan at 8.5%. That would put the borrower at $1,500 per month and out of the shadow of foreclosure.

This is great for getting caught up, however, the payment may still be too high and the lender may believe that this homeowner is going to back in the same situation just a few months down the road. In this instance, the lender can capitalize as well as lower the interest rate. So, if the $194,500 was re-amortized at 6.5%, then this would catch the borrower up on payments and make their monthly payment roughly $1,250 per month.

While all or a portion of the PITI arrears may be capitalized to the mortgage balance, foreclosure costs, late fees and other administrative expenses may not be. A separate repayment plan can sometimes be created for these costs. And with a lower monthly payment, a short term repayment plan for fees is usually quite achievable.

All of the loan modifications should be at a fixed rate and fully reinstate the loan.

With most banks the modified balance can be more than the current market value of the home, so don't worry about being "upside down" in the house and let that stop you from asking for a loan modification!

Also, there are instances where banks can extend the term up to ten years beyond the original maturity date of the original loan.

There are eligibility requirements for a loan modification. Some of the most common are as follows:

- Minimum of 6-12 months of payments made on the loan from its origination date.

- The default must be due to a verifiable loss of income or other hardship
- The loan that is being modified must remain in the first lien position in the event that there is more than one lien against the property.
- Some lenders may require that you be more than 2 payments delinquent before they will perform some of the loss mitigation tactics.
- The borrower must be able to verify that they have enough income to support the modified mortgage.
- Other lenders will perform loan modifications on owner occupied properties only or that do not have any other FHA insured loans.

These are the some, but not all of the eligibility requirements for modifications. However, if you feel that you do not meet the eligibility requirements by the lender, still ASK! Lenders have been known to bend rules and adjust guidelines in order to keep home owners in their home. And you'll never know for sure if the lender will help you unless you ask for the assistance!

Partial Claim

Definition: *When funds are granted on behalf of a borrower, interest free, in the amount necessary to reinstate a delinquent loan that is due upon payoff of the home or sale.*

An Interest Free Loan? Really?

Who wouldn't love to have an interest free loan with no monthly payments? Unfortunately, these are for FHA loans ONLY. In the event that you have a FHA insured loan, the partial claim option can be an ideal option for catching up on missed payments without hitting your pocketbook.

In a partial claim a second note is drafted in the amount of what is owed and is tacked on to the property. There is no interest that accrues and there is no designated deadline for when the money has to be paid back. The only criteria for repayment are that if the first loan is paid off, then the borrower needs to begin paying on the partial claim. Or if the house is sold, then the partial claim must be paid through escrow at closing.

Partial claims are very particular and must meet strict criteria. Procedure can also vary somewhat by state.

When applying for a partial claim, the arrears can not be greater than 12 monthly payments with principal, interest, taxes and insurance. The borrower also must not have been able to qualify for Special Forbearance or Loan Modification.

Also, with a partial claim, it can not be used as a tool to get the loan current so that the loan can be assumed by another person. It has to be a stand-alone option and can not be used with a loan modification.

Just like with capitalization, late fees, legal or administrative fess can not be included.

To be eligible for a partial claim, the loan must be at least 4 months in arrears and the borrower has to through the circumstances that caused their default (car accident, loss of employment, etc.). Also, the property MUST be occupied by the owner and continue to be occupied as the owners primary residence.

So, let's say that the borrower has fallen behind $4,500 in payments over the past 5 months due to rehabilitating from a car accident. Once the borrower is back on their feet again and back to work, they can apply for a partial claim.

When they are granted the partial claim and have completed their paperwork, the borrower resumes payments as usual at the same amount as before. When the time comes to sell the home they need to sure that the sales prices covers their first loan as well as the partial payment along with all of the other costs associated with selling. Otherwise, they will have to bring money to the table at the time of closing.

So, the home owner whose loan was originally $200,000 received a partial payment and paid on the loan for a total of 10 years. At that time the principal balance would be roughly $167,000 plus the whole $4,500. So, the home owner would need to calculate for $171,500 in loan payoffs when selling the home.

The partial claim option works well for those on a fixed income who have suffered a temporary setback.

Special Forbearance

Definition: Special Forbearance is the suspension of mortgage payments for a specific period of time (usually no more than 18 months from the date of the first payment). At the end of the suspended period, the borrower may be expected to resume payment under a plan used to assist borrowers experiencing a temporary loss or reduction in income that is expected to be restored at a later date, a Liquidation Plan.

Is A Special Forbearance Difficult To Qualify For?

A special forbearance is designed for the most severe of hardships. It is still based on the borrower's ability to and is designed to reinstate the loan. However, it is geared more towards those who have lost their employment and it requires a steady history of making payments and being employed.

Additionally, the borrower must be actively searching for a new job during the forbearance period and notify the lender as soon as they get a job.

It is a far cry from a mortgage vacation, but is extremely successful in assisting those who are transitioning from a loss of employment back on to their feet.

Just as the name "special" indicates, this type of forbearance can be tailored especially for the borrower. So, in working with the bank, you may discover a broader framework for how this program can be adjusted.

For example, there is not a maximum duration on a special forbearance. Most banks do not like to exceed a "reasonable" time period, generally this is 18 months. However, some lenders will extend a special forbearance in to 24 or even 36 months depending on the circumstances. Special forbearance periods are usually a minimum of 4 months with a review at the end of the 4 months and then a loan modification is done.

Some of common features of special forbearance are that the arrearage, including PITI, can not exceed 12 months. A "reasonable" amount of foreclosure costs and late fees can be accrued before the agreement begins. While the borrower is not given a maximum length of time to repay the arrearage once the payments begin again, if the borrowers circumstances change they can pay off the delinquency at any time.

Special forbearance is not just about stopping the payments for a period of time. It can also incorporate a loan modification or partial claim. The eligibility for this type of special forbearance is the same. However, when there are additional issues, the special forbearance can extend to further assist the borrower.

Generally, before the modification part of the plan kicks in the borrower needs to demonstrate at least 3 monthly payments. This is to ensure that the borrower does, in fact, have income and commitment to maintaining the loan.

After the borrower demonstrates that they are capable of doing so, but not long term under the current terms of the loan, then the loan modification or partial claim can begin.

In order to be eligible for the loan modification or partial claim, the borrower must have resolved their employment issue and then verify that they have either a reduction in income or increase in their cost of living. This is a clear demonstration of how much the banks do understand the borrower's position!

The banks understand that just because you have found employment, it may not be at the same rate of pay as the previous job, so they are willing to be accommodating and work further with the borrower.

Also, once the borrower gets a new job the payments do not immediately begin again. The banks give the borrower a little time to save up money, get current on other bills and save a little so that they can be successful in making the three qualifying payments before their loan modification or partial claim kicks in.

A special forbearance is also seen by lenders as a short repayment plan that usually works for 3 months and then there is a review for a loan modification.

SUMMARY

In this chapter we have explored the key concepts, terms and phrases of loss mitigation to prepare you for working with the bank.

While every borrower's circumstances are unique, most of them can be resolved through the application of one or more of the loss mitigation strategies of a Repayment Plan, Loan Modification, Partial Claim or Special Forbearance.

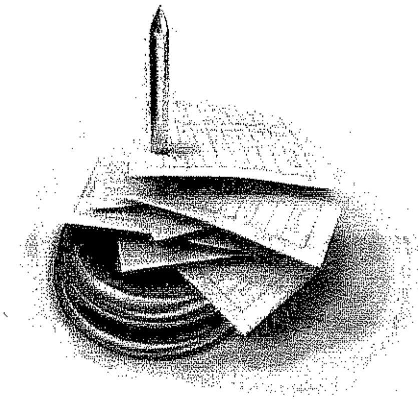
Which program you qualify for and how much relief you receive is not only going to depend on your hardship and financial status, but also on how well you present your situation to the bank and how well you negotiate the terms of your plan.

Now that you have a better understanding of the world of loss mitigation, it is time to get you prepared to contact the bank!

Notes...

Notes...

CHAPTER 2
Gathering Information



OBJECTIVE

Just like an attorney preparing for trial, you will want all of your documentation assembled, organized and evidence ready to present before you ever step in to the court room.

In this chapter we will go through the documentation you will need in order to present your case to the Loss Mitigation Representative with a winning argument and hard evidence in hand.

Having your paperwork assembled and properly documented will save you precious time in your process as well as demonstrate to the bank how serious you are about resolving the financial issues that have brought you together.

CHECKLIST

Because every loss mitigation workout plan is based on the borrower's finances, there is certain information that will be required for you to submit to the bank.

Before you make contact with the bank you will want to gather together all of the items from the list below. Some of these items you may have on hand while others will take time to put together.

- ☐ 2-3 Months of Bank Statements
- ☐ Most Recent Pay Stub
- ☐ 2 Years of W-2's for Each Person on the Loan
- ☐ Hardship Letter
- ☐ Contribution Letter
- ☐ Rental Agreement
- ☐ Self Employment Records
- ☐ Bankruptcy Paperwork

Time is always a big part of a successful loss mitigation negotiation, so work quickly to pull your paperwork together or it can work AGAINST you.

Every time you make contact with the bank you start the ball rolling and there is a processing period that follows that call. Usually it can be anywhere from a few days to 3-4 weeks.

If when you first call the bank you make them aware of your hardship but do not have any of the necessary paperwork, then you will have to call back.

Let's say it takes you two weeks to get all of the necessary documentation in place. When you call back and submit the documentation it could be another 3-4 weeks before you hear back from the bank.

You are now wasting time and costing yourself money as your loan falls further behind as you look for a workout solution.

Save yourself time and money! Gather all of the items on your checklist and have it ready to fax over to the bank while you are speaking with them on the phone. This will save you precious time and get you closer to a workout solution.

Not to mention that by being prepared, you will be making the representative's job easier.

Loss mitigation representatives can have anywhere between 300-500 files they are working on at a given time. It is the homeowner who makes their job easier, is thorough the first time and that is knowledgeable that will have the best rapport with their loss mitigation rep and negotiate the best workout solution.

The overall importance of these documents lies in them being complete, accurate and not overstated. If a package is incomplete, it may just sit in a file until it is complete, which eats up your time and gets you closer to losing your home.

Let's more clearly explain the documents that you will need to provide and how the work in to your loss mitigation strategy.

Bank Statements

Releasing your bank statements is an important part of the workout process. It helps the bank to determine what you can afford as well as your spending habits.

Many borrowers working with loss mitigation are apprehensive about demonstrating how much money they have for fear that the bank will demand it and run their balance down to zero. This is not the case!

In truth a little money in the bank shows the lender that the borrower has an emergency fund or extra cash in the bank to help them out is they happen to fall behind again.

The bank statements also show the bank that you have, in fact, suffered a hardship over time through a decreasing balance by turning them in sequential order and documenting the financial decline.

Bank statements also show the bank what your spending habits have been like since you fell behind on payments. Did you make an adjustment to your lifestyle? Or carry on without concern for the banks loss? Did you keep up on bills?
Those borrowers who have kept up on their bills and saved a little aside to help workout a solution to their larger problem will be looked upon more favorably by the bank. Thus, they will be more likely to qualify for a repayment plan or loan modification.

On the flip side, if the bank statements show that you have been spending money on unnecessary items, such as dining out, shopping purchases, etc. when you could have been saving up money to pay them back, then this will alert the bank to a lack of concern on the borrower's part.

It will lead them to believe that the borrower will end up in this same situation again with or without their help due to frivolous spending and lack of responsibility.

Pay Stubs

Demonstrating to the bank how much you earn will also get plugged in to their equation to determine what you can reasonably afford.

The bank wants to keep you in the home not just by reinstating the loan, but also through keeping the loan current in the future. Your net income is a strong indicator of how well you will be able to make the payment after reinstatement.

Since most delinquent home owners are trying to pay their regular monthly payment as well as a portion of the arrears each month, the bank is going to try to make sure that between the repayment and the regular payment it is not more than can be managed by the borrower.

If the bank creates a repayment plan that exceeds your net income and monthly bills, then surely you will go back in to default and ultimately foreclosure.

If you have more than one employer, be sure to submit stubs from each employer to the bank. Keep the stubs consecutive and recent. If you show pay stubs from January, for example, and then another from April, when applying for a workout program in June, you are not showing stable income.

If you are having trouble locating pay stubs, talk with your human resources or accounting department at work to receive copies. You will want to be sure to ask them how long it will take to get copies and communicate to them that you are in need of them as soon as possible.

W-2's

Your tax returns will show the lender that you have stable and consistent income, and have just suffered from a temporary hardship causing you to fall behind.

They are very important because they serve as evidence to back up your claims made in the hardship letter that your setback was involuntary, unavoidable, and uncommon, even if it hasn't been resolved.

Just the simple act of filing tax returns shows the bank that you are not trying to get out of paying your federal income taxes and that you are not just trying to get out of paying your mortgage for a few months.

The actual financial data is an important part of the loss mitigation process. It steers the bank towards the right solution for you.

A stable or increasing income will prove to the lender that you are generally financially stable over the longer term and worth investing the time in to creating a workout solution.

HARDSHIP LETTER

While the financial information is essential to crunch the numbers and get an idea of your past stability, the hardship letter is the most important document that you will need to submit.

The purpose of the letter is to explain how you fell behind and what you have done to recover from the hardship.

The letter should be no longer than 3 paragraphs and on one page.

In the letter you need to be specific about how you fell behind and state how the problem has been solved so that it does not recur in the future, if at all avoidable. Be sure to include your dates of unemployment and/or any medical issues.

The hardship letter gives you an opportunity to describe if the crisis as beyond their control, such as sudden medical problems, a death in the family, divorce, or job loss, among other possibilities.

Do NOT blame the bank for the pending foreclosure or any fees associated with the process!

In your letter, you must take responsibility and focus on that fact that your hardship was the reason you fell behind, that it is over and you really want to save and stay in your home.

Ask for the opportunity to have another chance.

Be sure that your letter is readable. It is preferred that it is type written so that it will fax with more clarity. Be sure to sign and date your letter as well.

CONTRIBUTION LETTER

A contribution letter is used if you are taking money from a family member, friend, church or other outside source.

If you are supplementing your income by one of these sources, then you must have a signed letter by that person or agency authorized representative on letterhead, stating the amount of money you are being gifted per month and when you started receiving the funds.

It is not necessary for this letter to plead on your behalf. Just a simple sentence explaining their understanding of your circumstances and character has led them to assist you during your setback.

These types of brief "testimonials" can help to demonstrate to the bank that you are a person of good character without going overboard or being too wordy.

Rental Agreement

It is not uncommon for those who are experiencing financial stress to rent out a room in their home to help with covering their mortgage payments.

If you are renting a room(s) you will be required to provide a rental agreement or letter stating the amount of rent per month that the occupant is paying. You will also want to indicate the start date of the lease as well as how long the lease will be.

Self Employment Records

If you are self employed, then you will need to submit, along with your W-2's, your last 6 months to two years of profit and loss statements (P&Ls).

We have discussed that pay stubs help the bank to determine your financial stability in both the short and the long term. When you are self employed, they need to look beyond your W-2's and determine the stability and longevity of your business.
Your business checking account statements will also help to support your P&L and income tax information.

A business setback can be a mutli-layered hardship and you will want to provide the necessary documentation from your business to support your case!

Bankrupcy Paperwork

It is common for some who have been working through financial difficulty to file for Chapter 7 bankruptcy in an effort to eliminate their mortgage debt.

Unfortunately with Chapter 7, owners are generally not successful in staying in their homes very long as the bank receives the collateral back as a result of the loan being eliminated.

In the event that you have been in a bankruptcy, you will need to provide the bank with either a letter of reaffirmation (this is for Chapter 7) or the dismissal or discharge paperwork that you received.

Lender Forms

In addition to these documents, lenders will usually have their own forms that they will need you to fill out, such as financial status reports.

By collecting all of your information in advance, you will able to get the ball rolling faster and more efficiently with the bank, but you will also be more prepared to fill out the forms requested of you by the bank.

Before you call your lender, you may want to go out to their website and search it for any downloadable forms they may have so that you can save more time by having them ready at the time that you make contact. This is just one more way to demonstrate to the bank your willingness and eagerness to work with them and reach a solution that will keep you in your home.

Summary

There are many documents that are needed by the bank in order to assess your situation and point towards the best solution.

During a default period the clock is ticking and you want to work as efficiently as possible to stop the foreclosure clock as well as arrears that keep piling up.

Some of the documents can take a while to collect. But do not contact the bank until you have them all assembled and ready to deliver. Submitting incomplete paperwork only succeeds in wasting precious time as the file sits and waits.

Be proactive by going out to their website and downloading any loss mitigation documents that they have available and require.

Without all of the required documents, the bank can not make the most informed decision possible about the current state of your finances, and they may turn down your proposal for a repayment plan or loan modification.

You do not want to lose your home to foreclosure because you did not have the required information readily available to submit in the time frame you need. A failure to provide the necessary documents and work efficiently usually results in a loss of the home.

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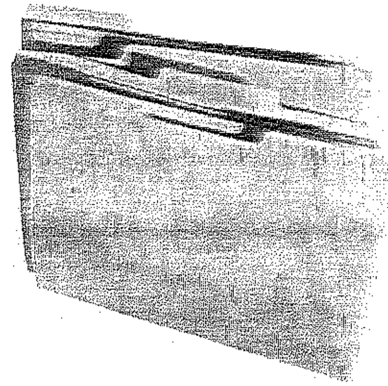
CHAPTER 3

Putting It All Together



OBJECTIVE

You are now well informed and have gathered all of the information that you need in order to contact the bank. Before you pick up the phone, there are few more steps to consider.

While collecting the financial evidence is important, it doesn't stop there. *HOW* you present and discuss your hardship, income and expenses is equally important. A misstep can get you disqualified or filed at the back of the line.

In this chapter we will walk you through how to put your information together in such a way that you are able to speed up the process, avoid potential pitfalls and land in the good graces of your loss mitigation representative.

ORGANIZATION

Let's start with the basics…

The loss mitigation process is not a matter of just sitting down and having a conversation. It requires phone calls, documentation, and transmittal of information as well as negotiations.

In order to ensure that you are working as efficiently as possible, you will need to get organized!

First, your loss mitigation representative will be very busy with a large caseload and will be getting back with you as the file progresses and their calendar permits. So, not only do you need to be available, but you also need to have your file available at all time.

You don't need anything fancy. I regular folder will do where you can store your information for easy reference. In addition to keeping your documents, you will also want a notebook, preferable a spiral bound that will keep your notes in sequential order, for you to take down information.

The first thing you will write in your notebook at the very top is your loan number and the phone number of your bank. You will need this information EVERY time you, so you may as well have it at the ready!

In your notebook you will want to keep track of the names of the people you have spoken with, the dates you spoke with them and any important information that is talked about.

For example, if you are assigned a representative and they have a specific extension and fax number you need to write this on the very first page of your notebook along with the name.

And entry in your notebook may look something like this:

> *June 7th: Called ABC Home Mortgage and was assigned to Jane Smith. Phone (888) 989-9898 ext 12345. Her desk fax is (888) 989-9897. Faxed her over all 16 pages of documentation and she will be calling me back in 3-4 days. Received confirmation of fax.*
>
> *June 11th: Hadn't heard back from Ms. Smith, so I called back and left a message in voicemail. (11am)*
>
> *2pm- Ms. Smith called back and file has been submitted as complete and is being reviewed for loan modification approval.*

Keeping track of all of your communication and the dates will help you to stay organized and focus each time your representative calls you.

By keeping all of your documents, notes, email print outs and fax confirmations in the same place, you will be able to take your file with you and be prepared any time your representative contacts you.

Always remember that time is NOT on your side, so you don't want to miss calls or have to call back when you get the paperwork in front of you.

Keeping everything together in an organized manner will also help you from losing valuable paperwork by misplacing it or having someone else unknowingly throw away a phone number or important note that you jotted down on the back of a napkin.

Presentation

How your information comes across the fax or email to your loss mitigation representatives will speak volumes about you. After all, you will never be sitting down person to person, so your image will be created by what you send over.

You want to give them a clean, organized and comprehensive impression. Not one that is slapped together, upside down or illegible.

You want to make their job easier to gain a better outcome, so pay attention to how your information is presented.

First, make certain that when you fax your paperwork to your lender that you put your loan number ON EVERY PIECE OF PAPER you fax!

You do not want any of your paperwork getting mistakenly filed in with someone else's. Eliminate doubt or confusion and print your loan number in the same location of every paper your send (ex. Upper right hand corner or across the bottom of each page).

Also, be sure that the loan number is legible and that your zeros don't look like sixes and your ones don't look like sevens!

Order

1. Your first page will be a **cover page**.

Your cover page should have your name, loan number, contact information and a list of the items that are in your packet. In addition to these items you will want to give a contact number that you can be reached at if there is trouble with the transmission of documents or additional information is needed.

Be sure to say Thank You on your cover letter.

2. The next item will be your **hardship letter**.

Strike right to the heart of the matter and bring your representative up to speed on your situation. Your hardship letter will help to direct your representative towards what to look for in your supporting documentation.

For example, if in your hardship letter you explain that you have lost employment, then a pay stub dated three months prior makes sense. Or let's say that you explain in your letter that you are self employed, your rep will now know that they will be getting a P&L and company bank statements.

Your hardship letter tells a story and the documents that follow support that story.

3. Behind your hardship letter will be your **W-2's** or **tax information**.

Your tax information will serve to give an overall picture of your income over the last two years.

This information is a strict requirement of the bank. If you fail to provide it, the mitigation rep knows that they can not move forward on the file. They will be looking to make sure that everything they need in order to proceed is present before they go one step further and being to analyze the information.

4. Next, you will want follow with your **pay stubs and bank statements**.

If these documents are irregular in size, do not try to fax them over. Often times pay stubs have been folded, jammed in to a pocket or crumple in a drawer and are only half a page in size. This is not good for faxing!

Take the time to have these documents photo copied on 8.5" x 11" paper so that they fax easily. Also, when you are photo copying pay attention to how dark the lettering and shadowing are.

If the documents do not photo copy well, then lighten them up and make sure that they are easy to ready. They will most likely darken a little when you fax them over to the bank.

5. After your financials, you will want to provide your remaining **supporting documentation** (contribution letters, rental agreements, bankruptcy information or any evidence of injury, certificate of death, etc that may be required).

The order of these documents is not necessarily important. It is more important that they be easy to read and in place to meet the requirements of the bank as well as support you case.

Be certain that all letters are signed and dated. Any letters from professionals or organizations should be on their letterhead.

Disclosing Your Income and Expenses

Every bank has additional paperwork that they need to have completed in order to determine what your disposable income is.

Some banks may have a form that you fill out and submit, while others will take the information right over the phone and input it directly in to your file for evaluation. Regardless of which way your bank does it, it is important that you understand what they are looking for and why.

The different plans that the bank has available are based on different criteria such as;

(A) amount of your down payment on the money you owe
(B) Your disposable income
(C) Weather your income is salary or commission based
(D) Any other payment plans you have been in with the lender or if you are in a current repayment plan with a different lender or credit card company.

How you disclose your income and expense is going to depend on what you are trying to achieve.

We have already discussed that a repayment plan is a simpler plan to achieve than a loan modification or partial claim. Most of the modification plans range from 12-24 to repay the debt, with lenders favoring resolution between 12-18 months. In some incidents the lender will try to get you approved for a loan modification while you are keeping current on the payment plan.

The length of time will deter ermined by what you show you can afford, this is your **disposable income**.

Let's look at an example:

> Mr. Jones owes his lender $10,000 in arrears. The lender is willing to accept a good faith downpayment of $2,000. Mr. Jones now owes his lender $8,000. The lender will then take the $8,000 owed and divide it by 12 months. This comes out to an extra $666.66 per month added to his regular monthly payment for 12 months.
>
> On the 13th month, Mr. Jones will go back to paying what his original payment before the plan.

Upon looking at Mr. Jones disposable income, the lender sees that that depletes his entire monthly cushion for emergencies. So, although the bank wants to make sure that Mr. Jones is comfortable enough to make his payment, they also want to make sure that the arrears are the largest part of his disposable income.

So, the bank divides the $8,000 by 18 months and comes up with a monthly payment of $444.44 over the next 18 months.

This example gives you an idea of how the bank is going to calculate your repayment plan once they determine what your disposable income is. This is why it is important that you do a "dry run" of your income and expenses as well as how much you want to give as a good faith downpayment before you contact the bank.

This will help you to have an idea of what you can comfortably afford before you talk to the bank and keep you from agreeing to a payment plan that will strap you for cash.

When you are doing your dry run, keep in mind that the bank does not check and verify expenses such as groceries, medical or dental out of pocket as these and other expenses fall under the generalized category of "other". The plans are strictly based on cash flow and not on your credit score.

SUMMARY

Getting prepared to work with the bank is the secret to great success in loss mitigation negotiations.

It goes beyond just have the required paperwork!

To be the most successful you need to be prepared, organized and have a game plan before you ever reach out to the bank.

Being prepared when the bank contacts you at any time of the day will save you precious time in phone tag. In addition, knowing what you can afford and how you can best pay back the bank will save you from getting in to payment plans that can be ultimately unsuccessful.

With the right preparation and presentation, your feet are firmly planted on the road to a successful negotiation.

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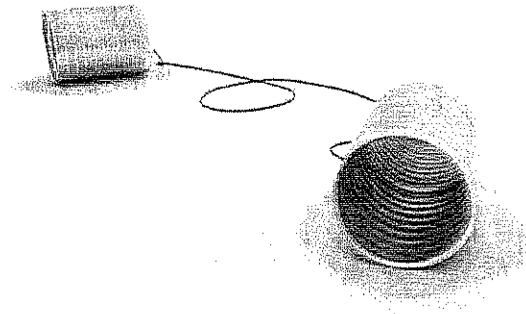
CHAPTER 4
Contacting the Bank



OBJECTIVE

Once you have gathered and organized yourself you are ready to make contact with the bank.

In this chapter we will discuss what to expect from your calls with the bank, the process itself and how to negotiate through your loss mitigation. How you conduct yourself and work with the bank can make or break you getting the best plan for you. We will also explore what happens after constructing a work out plan and what to do if the options presented to you are ones that you are not comfortable with.

WHO TO TALK TO

When it comes time to contact the bank, you will want to be certain that you are connecting to the correct department.

Loss Mitigation can be called by several different names depending on the bank. Your bank may refer to it as the Work-out Department, Home Retention Department, Loan Modification Department or Reinstatement Department.

Regardless of what name they call it by, you want to make sure that you are NOT speaking with the Collections Department! The Collections Department does not have the authority to negotiate long term plans with your loan.

In fact, the Collections Department's sole interest is in collecting as much money as possible from you up front.

If you are two months behind, you may be routed to the Collections Department first. First, try to get routed back over to the Loss Mitigation department. Simply tell the representative that you were not connected to the correct department as you need to speak with a representative on creating a work out program.

In the event that they deny your request to be transferred, you will have two options:

Your first option is to give them all of the money you that you have in an effort to cure the problem. The second option is to wait for the next payment to pass unpaid and then contact them again.

After two months of non-payment, the collections department will not accept anything less than full restitution or they will ask how much you do have. They can agree to take what you have to give and then continue you to call you each week demanding the unpaid balance.

If you have the full amount and want to pay it to the Collections Department, then this is called a full reinstatement. Your loan will then be considered current but your credit report will continue to reflect the delinquent payment history.

WHAT TO EXPECT

Once you have made contact with the Loss Mitigation Department, you will be assigned a loss mitigation representative in order to begin the process. The entire process of loan work out can be as quick as a couple of weeks or as lengthy as several months.

The duration of the process itself is going to depend on your bank and how prepared you are. While you can not control how long it takes the bank to process loss mitigation internally, you can do everything possible on your end to be as efficient as possible.

In addition to being prepared, you will also need to be patient. Depending on how busy your lender is you can be placed on hold sometimes for over an hour. While this may not be the norm, always be sure that you have plenty of time ahead of you before you call the bank.

This is not like calling in to customer service at your local branch; it is more like waiting in line at the doctor's office. You may get lucky and get in quick, or the doctor may be running behind with extra emergencies and you are in for a long wait.

Your first conversation with the representative you will be discussing with them your situation and your desire to work out a program to resolve it. The content of this conversation will determine how the lender prioritizes your case. This is where you put your best foot forward.

Don't be put off if your representative is not friendly. While a friendly or sympathetic representative is a bonus, it is not usually the case. So, even though this is very personal to you, it is not to them.

If you are not one of the lucky ones to draw a kind ear and friendly voice, remind yourself that it is just business and relay the information politely and professionally.

While you want to be clear about the severity of your hardship, you want to equally stress your preparedness. Be sure to let your representative know that you understand how busy they must be and that you have put all of your paperwork and documentation together in order to help move the process along and make things easier.

Your goal in your first call is to get assigned to a negotiator and to get high priority on their list. So! Be nice. Be professional. Be prepared.

Once you have spoken with your representative, they will begin to collect information on you. During this initial call, depending upon your lender, they may immediately ask you to fax over the financial package you have prepared or they might have to send you some internal documents that must be filled out and faxed back. Stick with your game plan and provide them with the information they request.

Given that each bank moves at a different pace, a good rule of thumb is at the end of each call with your rep to ask them when you will be hearing back from them.

They should indicate to you that the information needs to be processed and reviewed and then given you general time frames of when to expect a call back. Also remember that depending upon your lender; you will most likely not stay with same counselor. Although frustrating and often confusing, the lender will have your information accessible to anyone that answers the call. You must stress to your representative to make sure they put the notes about your file and conversation into your electronic file.

It is a terrible feeling to have to start over every time you call your lender, however if the rep is not professional or for any other reason does not note your file, it is exactly what you will have to do.

Make note of this in your folder and circle the date on your calendar. If you have not heard back from them by the deadline they provided you, then its time to make a friendly follow up phone call to see how the file is progressing and if there is anything else you can help with or provide.

Again, at the end of each call make sure that you ask the representative what their next step is and when you should be hearing back.

Don't be surprised if once your representative has taken in your financial information that they request that you cut back on expenses. Getting you to create a tighter budget is a great way for them to create larger disposable income for you and insure a better chance of being paid back.

FINE TUNING YOUR NEGOTIATION SKILLS

After your information has been processed by the bank, they will contact you with an offer.

Whether or not you feel you can be successful with their offer will depend heavily on if you have taken the time to crunch the numbers and come up with your own comfort level.

In a nutshell, know what numbers will work and what won't well before you get the call. This will keep you from saying "Yes!" when in truth the offer is not one you feel you can uphold.

If the bank comes back with an amount that you do not feel you can make work, then its time to begin negotiating.

The first rule in negotiations is: Keep your cool.

If the number you hear is way more than what you expected, don't blow up. Take a deep breath and start communicating with your representative in a level headed way. Indicate to them in very clear terms that you do not feel that you will be successful with that payment.

In most situations, this will not fall on deaf ears.

If they press you to know why you feel you can not make the payment then take the blame on yourself. Indicate to them that maybe you didn't clearly convey your finances or that this is too much of a drain on your emergency money.

Second rule in negotiations is to acknowledge what the other side has said. Start your sentences with phrases such as "I understand what you are saying and I know we are trying to get to a resolution, however… "Or "I appreciate you working with me and I want to make this work. Is there any way we can we do better than that? I just don't want to end up back in a default position and this amount makes me nervous."

You can always ask if there are additional alternatives. You know all of the options lenders have and you can press to use a loan modification or restructure if the numbers are just not getting low enough.

Stay helpful and listen to what they have to say. Acknowledge that you understand they are trying to help you. Indicate the amount that you think you can be successful with. Don't make them guess.
The third rule in negotiations is to know when to quit. If the negotiator is firm that the offer can be modified or lowered in any way and your persistence is now turning aggressive its time to stop.

Ask yourself if you truly can not afford what they are offering. Only you know for sure. The alternative to rejecting their offer is losing the home.

Once You've Established a Workout Program

Once you and your representative have come up with a program that you can comfortably afford then the agreement detailing the terms will be drafted.

Your representative should be able to give you all of the details of the plan over the phone. They should then tell you when you should be receiving the paperwork to sign and send back. Additionally, they should inform you on the date the down payment is due and how to get the funds to the lender. All of this information will be outlined within the plan.

Make sure that you do not send in any funds without the paperwork that same day. The paperwork needs to be completed and then the funds transferred.

Pay close attention to all of this information. You do NOT want to default on your workout program. Once you miss a payment on a workout program, the bank will see you as unreliable and may not offer you another opportunity.

Always better to be safe than sorry… so, make your payments on time!

If You Fail to Qualify

The unfortunate side of loss mitigation is that not all home owners can afford to stay in their home, even with a change to the terms of their mortgage.

There are situations where a household's income experiences such a steep drop that there isn't a reasonable solution. It could be that a borrower is on too deep and an interest rate adjustment down to 0% wouldn't even be affordable to the borrower.

The lender is looking to apply the option that will cost them as little as possible. At the same time, that doesn't mean that they won't go with an option that hurts them in an effort to keep the borrower in the home. In poor resale markets where selling the home is unlikely and foreclosure costs are high, lenders will work harder to work out the loan.

In some markets where resale potential is higher and none of the workout programs are working, then the lender may choose to continue to pursue foreclosure.

Summary

Before you prepare to talk with the bank you want to be prepared. Being prepared means more than having the documentation and a game plan ready... You will also need to have a large window of time available in the event that you are placed on hold. You will need to be patient and professional. You may have a helpful representative or find yourself on the phone with someone having a worse day than you. Regardless, you need to remain level headed and clear.

The process of loss mitigation will have several factors governing how long it takes. This includes how complete your packet is, how busy the bank is and how willing you are to accept their offer.

If the offer doesn't fit your budget you can always ask for more assistance, but there is always the possibility that a workout program may not be affordable depending on how far behind you are, how much you can afford and what the resale market is doing in your area. Stay positive and helpful. Work diligently with your representative and in the event that you are able to work out a program to stay in your home, follow that program to the letter!

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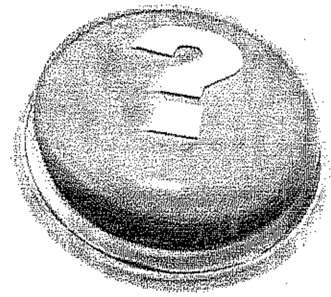
CHAPTER 5

Frequently Asked Questions



Q: *What if I'm not behind on my payments YET… but I know that I will be soon? Can I already start working out a program with the bank?*

A: Absolutely! It is actually the preference of the bank that you contact them as soon as possible. If you have been recently affected by a hardship and can see that you are headed towards dark water, or just won't be able to swing the rate adjustment that is coming, call your bank right away. It is the goal of the bank to keep as many loans as possible current and to avoid foreclosure. Just keep in mind that you will have to demonstrate all of the same information that you would if you were behind, but it is a proactive step that banks appreciate!

Q: *Why does an agent keep calling and asking for everything I owe?*

A: This is the collections side of the lender. A collections rep will start calling from 2 months behind and continue until you are in a plan. You want to deal with the Loss Mitigation side of the lender. Collections does just that, they try to collect as much as possible against the debt that you owe (the arrears) and will always ask for the funds without a written plan. The only department that can give you a full plan is the Loss Mitigation department. Do not be scared or rude if you talk to a collections agent; just simply tell them that you are working with Loss Mitigation for a solution.

Q: *What happens if I don't make a payment while in the plan?*

A: If you miss a payment while in the payment plan, the lender will see this as a default. You will go right back into foreclosure and have to start the process all over again. Some lenders will allow homeowners multiple plans, but I wouldn't count on that strategy. If you feel you might miss a payment – immediately call the lender and let them know.

Q: *Do I have to have good credit to qualify for a loss mitigation program?*

A: No. The loss mitigation process will not pull your credit as this is not qualifying for a new loan, like with a refinance. This is a workout to the loan that you already have. In truth, many people who have suffered a hardship have had damage to their credit. So, not having to qualify via credit score is an added incentive to work out their loan with their current lender.

Q: *Will a workout program further damage my credit?*

A: The workout program will not hurt your credit. It is when you miss payments that your credit is negatively affected and takes a dip. Once you are back to making on time payments, you credit score will start to climb. It may take a couple of years. There are credit repair agencies out there that can help you to remove or recover from the negativity of missed payments. Always remember that a foreclosure will remain on your credit from 7-10 years.

Q: *If I decide that I don't want to stay in the home, am I free to sell it while in the middle of a work out program?*

A: Yes. Before the completion of your work out program, if you need to sell your property, you will be free to do so. Through closing you will have to make full restitution to the bank for any unpaid balance, but you are not legally obligated to stay in the home until you have completed the work out program.

Q: *Do I tell the bank that I might want to sell while I am doing the workout?*

A: NO - you want to portray that you have every indication that you want to stay in the home. If the bank feels that you are not serious about keeping the home and or just trying to buy time, they will not feel that you are worthy candidate of getting another chance.

Q: *When is it too late to stop my foreclosure?*

A: You have right up to the day of auction to stop your foreclosure. However, for loss mitigation, lenders require the plan and the good faith downpayment into them a certain amount of time prior to the sale date. It is usually 3-5 days. Most lenders will not start to work with you within the last week of the process and the only way to then stave off the foreclosure sale is through a bankruptcy. Please contact a local bankruptcy attorney for further information if you choose that route. The sooner you begin the process the better off you will be.

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Conclusion

No one is immune to the hardships life can bring. Unexpected circumstances, increase in cost of living and mortgage rate adjustments can affect anyone.

Working thorough hardship is difficult enough. In an uncertain economy and a declining real estate market, working through a hardship with a loss mitigation representative at your mortgage company can be an overwhelming undertaking.

By working through this manual, you have taken the most important step towards saving your home from foreclosure.

Getting informed, prepared and organized are just the beginning. Working with the bank to successfully negotiate a work out program you can comfortably afford is the action you need to take next!

As you work with the bank, remember that time is not on your side. You need to act quickly, stay on top of your loss mitigation representative and do not assume that they are working diligently on your behalf. Remember: Most loss mitigations representatives have hundreds of files they are working on at any given time.

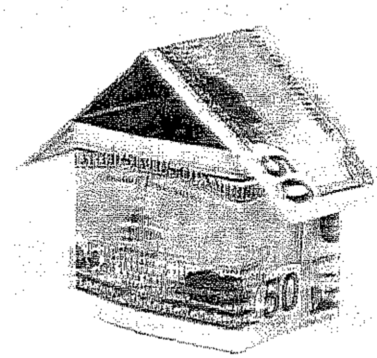
Set yourself apart from all of the other cases by being professional and ready to perform. The squeaky wheel gets the grease! Follow up, follow up, and follow up!

Loss mitigation is a program designed to bring resolution between borrowers and lenders to preserve home ownership, but it requires work on your part. With a realistic game plan, a well documented case and persistence you can save large sums of money as well as future damage to your credit by stopping negative credit reporting, accruing interest, fees and arrears.

But more importantly, by applying the techniques you have learned in this guide line, you have dramatically increased the opportunity for you to stay in your home.

We wish you success and many years in your home.

United Mortgage Assistance
888-671-7939



MORTGAGE LENDERS

The mortgage lenders listed below have voluntarily joined the federal government to assist homeowners who are concerned about the future or have suffered due to recent changes in the economy. If your lender is listed here, you can help protect your home by contacting them immediately!

COMPANY	CONTACT #	ALTERNATIVE #
ABN AMRO Mortgage Group	800-783-8900	
Accredited Home Lenders	877-211-4599	
Ameriquest Mortgage	800-221-6926	
Aurora Loan	866-519-1456	800-550-0509
Avelo Mortgage	877-882-8356	866-992-8356
Bank of America	800-846-2222	716-635-7050
BB&T Mortgage	800-827-3722	
Central Pacific Bank	800-342-8422	
Charter One Bank	800-234-6002	
Carrington Mortgage Services	800-790-9502	
Citi Mortgage (Prime Loans)	800-695-0384	866-929-8615
Citi Financial Mortgage (Sub Prime Loans)	800-422-1498	866-450-3172
Countrywide Home Loans	800-669-6087	800-669-6650
Downey Financial Group	800-824-6902	
EMC Mortgage / Bear Stearns	877-362-6631	888-577-4011
Equity One	866-361-3460	
Ever Bank	800-669-9721	

First Horizon Home Loans	800-364-7662	800-816-7796
Flagstar Bank	800-968-7700	
Fremont Investment & Loan	866-484-0291	
GMAC	800-799-9250	
Homecomings	800-850-4622	
Home Loan Services / First Franklin Loan Services / Nation Point Loan Services /National City Loan Services (all dba HLS)	800-622-5035	
Home Eq Servicing	866-82-1471	800-414-0969
HSBC (Mortgage Services)	800-365-6730	888-648-3124
Indymac Bank	877-736-5556	877-908-4357
JPMorgan Chase	800-446-8939	866-582-5208
Litton Loan Servicing	866-801-8794	800-999-8501
National City Mortgage Company	800-367-9305	800-523-8654
Nationstar Mortgage	888-850-9398	
Nationwide Advantage Mortgage Company	800-356-3442	
New Century Financial	888-477-0193	
NovaStar Financial	888-743-0774	888-289-1231
Ocwen Loan Servicing, LLC	877-596-8580	866-513-2947

Ohio Savings Bank	888-987-5626	
Option One Mortgage	800-648-9605	
PHH Mortgage	800-330-0423	800-750-2518
Saxon Mortgage / Morgan Stanley	888-325-3502	
Select Portfolio Servicing	888-818-6032	
SunTrust Mortgage	800-443-1032	
U.S. Bank Home Mortgage	877-334-0453	
Wachovia Corporation	866-642-9405	
Washington Mutual	877-533-8960	866-500-8507
Wells Fargo Home Mortgage	877-216-8448	888-231-0757
Wells Fargo Financial	800-275-9254	
Wilshire Credit	888-952-7339	888-917-1050