

Curable Options: Client wants to stay in the house

Forbearance: Plan to cure default that may temporary suspension of payments or repayment plan based on modified payment amount (with a portion paid towards past due amount, extending typically for 3 to 12 months.

Loan Modification through the Making Homes Affordable Program: (4 month backlog)

- Must be owner occupied
- Unpaid principal balance = less than \$729,750 for one unit
- 1st lien mortgage originated on or before 1/1/09
- Monthly mortgage payment (PITI) greater than 31% of monthly gross income
- Mortgage payment not affordable due to documented financial hardship

Once a loan has been modified; if payments are made on time, \$1000 per year will be taken off principal, for a total of \$5000.

Partial Claim (FHA Only); an interest free loan is added to the end of the loan, must bring the loan current. Must be < 4 months behind, but not in foreclosure.

Advanced Claim, (Loans with PMI); must bring loan current, low interest loan, payments begin immediately. Each PMI companies establish their own rules for this.

Refinance through Making Homes Affordable Program

- Loan must be owned or guaranteed by Fannie Mae or Freddie Mac
- Must be current on your payments for the last 12 months
- The amount you owe on your 1st lien less than 125% of the Current Market Value
- You must be able to pay the new mortgage payments
- www.fanniemac.com/loanlookup www.freddiemac.com/mymortgage to check for eligibility

Chapter 13 bankruptcy will stop a foreclosure in process; this would be an option for someone who had a temporary decrease in income. CH 13 would include resuming paying mortgage payment monthly, and any arrearage amount and other debt paid back over time. The repayment plan has to be approved by bankruptcy court.

Role of the Housing Counselor:

- Educate, don't advise
- Disclose any fee related to the counseling session
- Be clear on home owners objective (stay or go)
- Document income and expenses, help write proposal
- Work w/ the servicer on an agreement that works for both parties
- Make sure any forms the client signs accurately reflect workout terms
- Help the client submit the workout package which includes: hardship letter, workout proposal, financial statements, any other documents requested