

LOAN MODIFICATION

By David R. Bartels
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Get **FREE No-Obligation Help Now:**

WADE WRIGHT

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Are you struggling to make your mortgage payments? Having difficulty working with your lender on a loan modification?

We've worked with thousands of homeowners to help them save their home from foreclosure by helping them get mortgage payments that they can afford, or one of the eight other alternatives to foreclosure.

As homeowner advocates, we offer this assistance as part of our public outreach and never charge a fee to help you secure a loan modification or to postpone a foreclosure.

In this guide we would like to share some tips with you on how to get your loan modification approved in record time.

While the majority of loan modification requests require around 30-60 days of processing, we have been thrilled to learn that lenders will occasionally grant immediate trial loan modifications within 24 hours of submission.

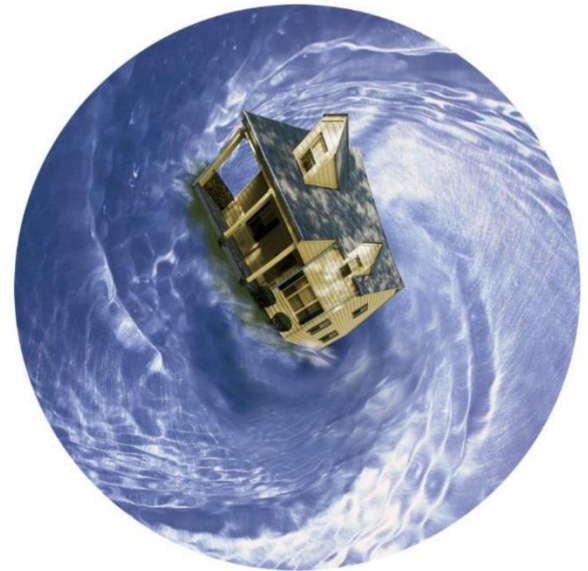
Looking back at those submissions, the one thing they all had in common was that they were 100% complete and accurate on the day of submission. But what does that mean? What do the lenders really want?

We realized that most homeowners would have no idea how to prepare a loan mod submission that could get instant approval, so we made this guide and our more advanced guide, "How to Negotiate Your Own Loan Modification" for the 96% of homeowners who have been declined a loan modification at least once before.

Don't let your loan modification request get denied because the lender didn't get what they needed.

Follow the instructions on the following pages, call us for free assistance, submit your application to your lender, and get what you deserve!

Disclaimer: This guide is not legal advice. No guarantee regarding the success of your loan modification application is made or implied. We recommend that you take the time to learn all your option before taking further action.



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STEP ONE:

Figure Out What You Have to Submit

Time is of the Essence: Under federal law, if you submit your complete application more than 37 days before a scheduled foreclosure sale, the foreclosure must be delayed while the application is pending.

Call your lender. Tell them that you would like to apply for all available loan modification programs.

Ask them to email you a list of required documents and any lender specific forms.

Tell them that you're interested in seeing if you qualify for Fanny Mae's / Freddie Mac's Flex Modification Program or any and all In-House Loan Modification Options.

Most lenders provide the necessary forms, instructions for submitting an application for loan modification and a list of all required supporting documents on their website, but they're hard to find. The representative should be able to walk you through how to access the documents they need. To save time, you should ask the lender if they would email the forms (or a link to forms on the lender's website) to you.

If you do not have access to the Internet or a printer, provide a mailing address for hard copies. Ask that they place a rush on the mail. After you place the rush, to expedite the process, ask them to read you the list of required documents for loan mod review over the phone. Be ready with a pen and paper to write down everything they say.

Have the lender note this in their system that you will be sending in a request for a loan modification. They won't be able to actually open their review until they receive your document package, but it is important to make sure there is written record that you're interested in modification options.

Ask the lender how they would like you to submit your package when it's ready. They will likely give you a fax number. Ask if there are any other numbers or email addresses you should include.



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STEP TWO:

Submit the Perfect Package

Collect and send all requested information. Compile all documents into one package. You have the best shot of getting everything uploaded at the same time if the lender only has to sort through one fax or one package.

Put your loan number and your last name at the top of every page of the package. Include a cover page that has your full name, property address, and loan number.

Write the sentence: Please accept these documents as my formal request to be reviewed for ALL loan modification programs.

Make sure that every document you submit is fully complete. Don't take risks by leaving non-applicable lines blank. Write "n/a" anywhere that you can't answer a question. Avoid making scribbles or marks on the side of the page. Write clearly or type your responses.

- Put all pages of multiple page documents in the correct order.
- No matter what the lender requests, be sure to submit the following "Critical Six" documents:
 1. Request for Mortgage Assistance Form (RMA)
 2. Personal Hardship Letter
 3. 60-days bank statements
 4. 30-days' worth of income verification. Your lender may tell you they need pay stubs for 30 days but what they really mean is that they need 30-days' worth of all income verification including pay stubs. If you receive other kinds of income, gather and send these statements as well.
 5. IRS Form 4506-T
 6. Tax Returns for the most recent two years

These are the critical six documents you need to submit. Sample forms and instructions on how to complete them are provided later in this guide in the Appendix.



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STEP THREE: Make Them Review It

Wait 48 hours to call. The lender needs this time to upload all the documents and complete preliminary tasks to open your modification review.

Call after 48 hours (don't wait any longer than 72 hours) and make sure you are in the loan modification or loss mitigation department.

If you are with a customer service representative and not the loan mod department, request a transfer to the correct department. Before they transfer you, ask for the direct number to the loan mod department for future use. Don't waste time discussing your loan modification until you have been connected to the right department.

Be ready to verify information about yourself. Don't be put off by questions about your social security number or address. This is required information. Just cooperate to get through their verification process as quickly and politely as you can.

When you call, be friendly, but insistent. Ask the following questions:

1. I submitted my complete loan application two days ago. Is the person handling my file available? (By asking it this way, you're preventing yourself from being transferred to a Voicemail).

If they say yes, ask them to transfer for you, while also saying the words "I do not want to be transferred to someone's Voicemail."

If they say no, tell them that you need to speak to someone responsible for your file today and ask to speak to their supervisor or another person in the underwriting department.

Make them transfer you to another underwriter, loss mitigation representative, or supervisor. Be prepared to ask for the same thing three times before they'll get you to someone. Stay polite and firm.

2. Once transferred, get their complete name, email and direct phone number/extension if possible.
3. Ask them what modification programs you will be reviewed under. Listen to what they say before you say what you want. This should reveal how far along your file has been moved. Then, state that you would like to be reviewed for every program possible including Fanny Mae's or Freddie Mac's Flex Modification Program or any and all In-House Loan Modification Options.

Ask if they can run all eligible program reviews simultaneously. Push them to do as many reviews at the same time as they are able to do.

4. Offer to hold while they review your document package so you can make any and all corrections in real time. Often, they will simply have clarifying questions that you can answer over the phone. If they ask you to submit something further, get their direct fax number or email so the document gets directly to them.



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STEP FOUR:

Handling Objections and Rejections

Here are some common responses you will get after you have submitted your documents and followed-up with the lender.

1. They didn't receive the documents.
2. They are missing some of the pages.
3. Some of the documents are incomplete.
4. They have additional questions about the information.
5. Pay stubs/bank statements not matching income reported.
6. They haven't assigned the file to an underwriter.
7. The underwriter hasn't had a chance to look at it.
8. You've been denied.

If you hear any of these objections, do your best to provide the lender what they need in a timely manner.

If you have any questions about your lender's objections or if you have been denied, feel free to call me.

There is never a fee for us to help you get a loan modification.



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APPENDIX:

The “Critical Six” Documents

If you want to get your loan modification application reviewed in the fastest time possible, these are the Critical Six documents that must be provided in perfect form.

1. Request for Mortgage Assistance Form (RMA)
2. Personal Hardship Letter
3. 60-days bank statements
4. 30-days’ pay stubs from your employer
5. IRS Form 4506-T
6. Tax Returns for the two most recent years

On the following pages you will find the sample documents and identify the most critical elements to complete.



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CRITICAL DOCUMENT #1:

Request for Mortgage Assistance (RMA)

The RMA is on the next page.

Here are the 10 critical fields to complete on this form.

1. Loan number
2. Social security number of all borrowers
3. Bankruptcy Information
4. Hardship Affidavit - check all that apply
5. Monthly Household Income
6. Monthly Household Expenses
7. Household Assets
8. Other property section, if applicable
9. Is this your Principal Residence?
10. Keep the property box checked (**most important**)



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CRITICAL DOCUMENT #2:

Personal Hardship Letter

Even though there is a hardship section in the RMA, it is critical that you write out your own personal hardship letter. Direct the lender to the hardship letter in the box on the RMA by saying, "Please see hardship letter."

The letter can be typed or hand-written. Just make sure that it is legible. All borrowers and co-borrowers need to sign and date this letter.

Points to cover in your hardship letter:

1. Explain with some detail what happened:

- a. Illness
- b. Job loss
- c. Reduction in income
- d. Job transfer
- e. Death in the family
- f. Divorce
- g. Loan re-set
- h. Increased expenses

2. Explain why you can now make the payments:

- a. New job
- b. Increased income
- c. Reduced expenses
- d. Increased hours.

3. Ask the lender for their help.

The more information you can connect your hardship to the drop in income will help you prove your hardship. Follow this up by connecting your recovery to increased income. Lenders like math and numbers. Put numbers near your narrative.



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CRITICAL DOCUMENT #3:

60 Days of Bank Statements

Whether you are employed or not, you need to submit bank statements. Make sure you follow these instructions:

- Provide the most recent two months of bank statements.
- Make sure they are consecutive months.
- They need to be copies of the official statements with the name & account number on it.
- Every page needs to be provided including all blank pages.
- The name on the bank statement needs to match the name on the mortgage.
- If there is more than one borrower on the loan, provide bank statements for each borrower. If one borrower does not have their own account, write and send a letter of explanation explaining that both borrowers share an account.



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CRITICAL DOCUMENT #4:

30 Days of Pay Stubs

Your lender will need to receive a copy of all income sources including your pay stubs to substantiate the income that you entered on the RMA.

- Submit the most recent, consecutive 30 days of your pay stubs.
- There can't be any gaps in time with the pay stubs.
- You need to provide pay stubs for all borrowers on the mortgage.
- If you are self-employed you will need to provide a year-to-date profit and loss statement.
- If you are unemployed you will need to provide a signed letter of explanation.
- If retired, on social security, disability or food stamps, you will need to provide copies of the statements.



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CRITICAL DOCUMENT #5:

IRS Form 4506-T

The 4506-T allows your lender to request a copy of your previously filed tax returns. A sample copy is on the next page.

Make sure you follow these instructions:

- Make sure all borrower's names, social security numbers and address are entered at the top.
- Be sure to fill in the lender name(s) in line 5?
- Enter 1040 in line 6.
- Check the box in 6a.
- Enter at least the last two years on line 9?
- The format should be 12/31/20xx for each date on line 9.
- Make sure this form is signed and dated within the last six months.



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CRITICAL DOCUMENT #6:

Tax Returns for Past Two Years

- Your lender will need copies of your entire tax return for the past two years, from everyone who was on the original loan.
- Make sure that the copy you send in has been signed by all parties.
- If you filed an extension for the current tax year, include a statement stating that fact. Submit the two-year's tax returns previous to the current tax year.
- You don't need to include any copies of your 1099, W-2, or any other miscellaneous forms you received from your employer or brokerages.



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