



# McGrath & Spielberger, PLLC

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## **Is your mortgage loan GSE? The answer can impact loss mitigation and foreclosure.**

As an attorney who represents distressed borrowers, I realize that many homeowners do not know who “owns” their mortgage loans. Many borrowers assume that the bank which originally lent the money is the owner of the loan; however, a large number of mortgage loans are owned by Government-Sponsored Enterprises (“GSE”), such as Fannie Mae or Freddie Mac. These are called “GSE loans”.

**How does a loan become GSE?** Typically, a private bank will lend to borrowers and then Fannie or Freddie will purchase the mortgage loan from the original lender. Borrowers are not necessarily notified of this transfer of ownership, and thus many are never aware that their original lender is no longer the owner of the loan note. *Within the industry, the owner of a mortgage loan is often referred to as “the investor” even if the owner is not an entity that most of us would think of in that way.*

**Does GSE vs. non-GSE play a role in whether struggling homeowners lose their homes due to foreclosure?** Rules for loss mitigation are often different for GSE loans vs. non-GSE loans. Having a Government-Sponsored Enterprises loan could make you more likely to be foreclosed on and even be foreclosed upon more quickly. On the other hand, if your loan is GSE, there are mortgage relief / mortgage loan modification options which may be available to you which are not available to persons whose loans are owned by private banks, investors, etc.

**The bottom line is that the availability of mortgage loan modification programs and the guidelines for loss mitigation programs may differ for GSE versus non-GSE loans, and the rules pertaining to foreclosure can be different as well.** The more educated you are on this topic, the better equipped you are in your quest for a successful outcome. The links above provide additional information for those who would like to know more, and of course there are many more resources available. We do provide foreclosure avoidance and mortgage relief services to borrowers in the states listed below.

*McGrath & Spielberger, PLLC provides legal services in Florida, Georgia, North Carolina, Ohio, South Carolina, and Tennessee. The firm offers full scale representation, as well as limited scope services.*

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