Loan Mortgage Modifications Advice

If you are behind on your mortgage payments or are struggling to stay current on your loan payments, you may have considered refinancing your loan. However, if you have been turned down for a refinancing, and your home is worth less then you owe on it, you may be able to modify your loan. Below are several tips to successfully modify your existing loan, even if you do not have good credit.

1. Prepare a detailed document listing all of your income, assets and debts both secured and unsecured. More specifically, you should list out any income from wages, investments, social security, etc. You should also list any assets you have, such as investments, stocks, bonds, money in any checking or savings account, 401K, and fair market value of any additional real estate. You should list out all secured debts, such as 1st and 2nd mortgages, car loans, and any credit cards that use property as collateral, such as jewelry. Finally, you should list your home expenses, such as utilities, credit card bills, educational expenses and any other monthly expense that you incur.

2. Draft a short hardship letter. Every loan modification has a story behind it. You need to tell the most compelling story as to why you can not stay current with your mortgage, or why you need to modify the loan to enable you to conduct some other life necessity.

3. Prepare all of your financial documents such as: two years of tax returns, six months of bank statements, three months of pay stubs, Proof of home insurance.

4. Form your negotiation strategy
   a. You want the bank to believe it is in their interest to modify the loan. As such, you want to remind the bank that you do want to remain in the home, but should no modification be entered into, you may have to file bankruptcy and force the lender to foreclose on your home, thereby incurring all of the legal fees and financial losses of selling your home in a depressed market.
   b. Always ask for more then you expect or want (It never hurts to ask)
   c. You want to leave room to negotiate to your eventual goal
   d. Typically start at 70% of your goal.
   e. When forming your offer, make sure you have thrown in a few items, you do not need, but can use a bargaining chips by taking them off the table.
   f. When the bank makes their first offer, you want to counter without emotion. For example you can say "let me see if that number will work for me, I need to run my numbers and get back to you with in 48 hours. I will need to speak to my attorney or broker first."
   g. As discussed earlier, when negotiating with a bank, you may want to imply that should the loan modification or short sale not work out at the walk away price, the bank will end up taking the property and incur all the foreclosure sale fees involved. This is especially important in a depressed

market, where it is unlikely the bank will recoup their return on investment. Banks do not want to owe properties in this market.

If after talking with your lender you have not received the results that you need, please feel free to contact our law office at 781 595 3800 or check us out online at www.goldsteinandclegglaw.com.