

\$ PRICELESS

# MORTGAGE MODIFICATIONS & YOU



An Educational Guide  
To understanding and submitting  
A Loan Modification

**To every homeowner that has had issues in relation to the affordability of their homes. This guide is for you.**

**You fall into many categories:**

Behind over 12 months in payments

Fixed income

Loss of Wages

Current but borrowing from friends, family & Credit Cards

Divorce

Death of Contributor

Unemployed or Underemployed

Missed 2 payments or more

Hardships involving medical or transportation

High interest rates, adjustable rates

Interest Only Mortgages

More home than you can truly afford

Victim of unsavory practices

The list goes on and on but one thing remains the same. You want to keep your home and receive an affordable payment that allows you also to save for the future.

This guide will dispel the myths and explain clearly the options available and the mathematics used in review of your documentation.



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# What this guide covers!!!

**This guide does not guarantee that you will receive a modification.**

There are many types of assistance available along with myths and unsubstantiated claims. While the author and contributors' are aware of the various methods to save your home and scams in the market place our focus is on one thing in this particular guide.

## MORTGAGE MODIFICATIONS

How to understand and submit



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# ABOUT THE AUTHOR

**Ken BIG Blake's** passion for all things entrepreneurial and real estate has led him to have over 20 years in the realty, mortgage, and small business industries. He has counseled one on one and through seminars tens of thousands of future homeowners, Investors, sellers, entrepreneurs and students in successful money management using humor & common sense.

**His Specialties.....**Coaching, Teaching, Strategic Consulting, Family Wealth Advisor, Purchasing Residential & Commercial Properties, Home Modification & Foreclosure Prevention, Personal Development, Small Biz Development, Business Budgeting, Credit Counseling, Team Building using six sigma lean manufacturing thought processes, G.O.A.L.S Implementation, Inner Exploration, Workshop Implementation, Conflict Resolution, Marketing Plans, Motivational Speaking, Social Media Marketing, Humor, Making You Smile Throughout The Process....

**1987-1991 USMC War Veteran**

**1998 Real Estate Salesperson - Chgo. IL**

**1999 Sales & Mgt training Team Module 1 - Kansas City**

**1999 Passed IL 1, 2 & 3 pre-requisites for appraisal license**

**2001 © D.E.A.L.S in A.C.T.I.O.N.S Wealth workshops / manuals**

**2003 Notary Public**

**2003 IL R.E Broker (Blake Investment Group Realty Corp)**

**2005 – 2008 Local 1 Iron worker (Commercial Bldgs from ground up)**

**2007 Passed IL state exam for loan origination**

**2007 Founded [www.thinkBIGradio.com](http://www.thinkBIGradio.com)**

**2009 Workshop Presenter Operation Hope Kid Start Financial Literacy Day**

**2009 – Present - HUD Certified Modification Specialist & Housing Counselor**

**2010 – Present – has visited over 100 cities traveling with a non-profit assisting homeowners to receive modifications with affordable payments as well as assisting future homeowners to purchase.**

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## HOW TO USE THIS GUIDE

**Chapters 1 through 4** define the most important general information that a homeowner must know. Every modification begins with paperwork. There are more mistakes made in the initial paperwork because of insufficient documentation or forms just filled out completely wrong.

Many servicers, banks, lenders, investors, etc will request the same documentation over without telling you the reasons. This can become very frustrating, overwhelming and stressful. We have alleviated those feelings by putting this manual together with examples of correctly completed forms and the reasons behind the request of this documentation.

It is wise to always have a checklist that you can refer to insuring that you have not forgotten anything that is needed. We will go over the documentation for a full general package. We will also include the many different personal reasons that you may have that require additional docs.



## HOW TO USE THIS GUIDE

**Chapters 5** deals with the different approaches that the banks / investors use to assist you and the most important thing to them. **Mathematics!!** It is very important that when you are submitting your budget that you have covered not only all of your expenses and liabilities but the proper calculation of your net income that those items will be subtracted from.

Many servicers, banks, lenders, investors, etc will contact you and have totally different numbers from what you have submitted without clearly defining the changes. We have alleviated a large part of this issue by explaining and showing you the calculations they generally use to come to their decisions. Are you self employed, no problem, commissions, no problem, inconsistent income, no problem. We have also an excel spreadsheet that can assist you in your calculations.



## HOW TO USE THIS GUIDE

**Chapter 7** deals with the different insurers and investors that may own or insure your loan. These particular entities have certain guidelines that are specific for those types of loans.

Many borrowers seem to believe that their servicer could have done a better job of assisting them in lowering their payments or interest rate once they have a modification. The truth of the matter is they may have done their absolute best following the guidelines they have in place.

Although you may seem to feel that the banks are against you, if you knew what they were up against and how they have to submit your package correct and intact you would feel a bit differently. We hope to alleviate those feelings by providing the basics of their guidelines and how you can assist yourself if a private investor has purchased your home at auction.....



**"If you'd broken a law, I could get you off — but you violated a *Federal guideline!*"**

## HOW TO USE THIS GUIDE

**Chapters 8-10 wrap's** things up. It deals with most common denial reasons, options you can choose that may save your home, negotiate with after an auction, websites that are free with information that may assist you and frequently asked questions.

We know that your primary goal is to stay in your home. We also know that although our economy is on an upswing it sometimes take longer for some people to come up to bat.

Great things do not always happen to great people. You are stronger than your immediate issues and you are loved. Stay positive and everything will happen as it should. Remember.....you will never be given more than you can handle and common sense and humility before pride allows favor to enter your life.

Thanks for thinking BIG and taking the steps needed to educate yourselves in a process that can help you to also help others...

**Trust in People!**

**Not Everyone Is There To Hurt You...**





# HOW TO USE THIS GUIDE

There are terms that you will be unfamiliar with so we try to define those more uncommon terms in parentheses beside the word. We will italicize and place an asterisk before the word.

## Example:

If you have a smart phone you may want to download Karls Mortgage Calculator for its *\*amortization schedule (this shows the amount you pay over the course of your loan)* feature.

Of course some of the terms definitions will be lengthy so in that case the definition will be after the options chapter or a *\*Google (internet search provider)* term inside the parentheses

Each chapter will have areas that you may want to further study so chapter 15 will have websites listed that cover chapters 1-13.

## Example:

### Chapter 1 Websites

<http://dictionary.reference.com/browse/modification?s=t>

### Chapter 2 Websites

[http://portal.hud.gov/hudportal/HUD?src=/topics/avoiding\\_foreclosure](http://portal.hud.gov/hudportal/HUD?src=/topics/avoiding_foreclosure)

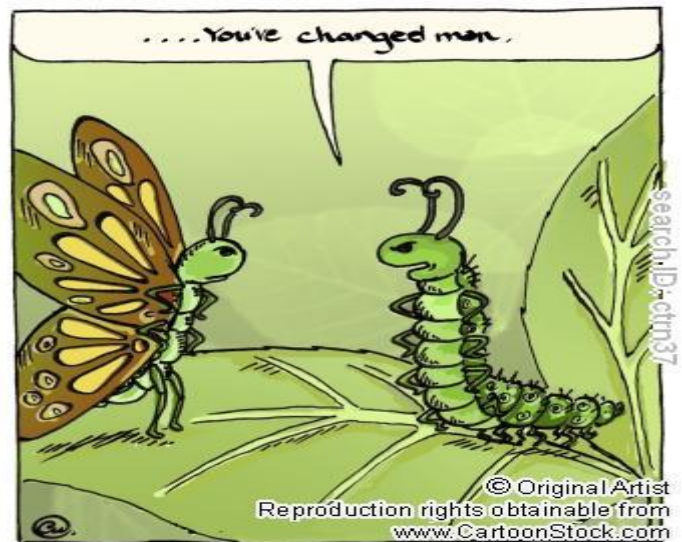


# Chapter 1: Definition of Modification

The definition and explanation of modification is needed as there are other words that are being used correct as well as incorrect in describing the meaning. We will first explore the definition, similar words with the same meaning and the word most oftentimes used incorrectly and the differences of the two.

## Modification (Modify)

The act of modifying or the condition of being modified. A small change or adjustment. To alter, change somewhat the form or qualities of, alter partially, amend, to reduce or lessen in degree or extent, moderate, soften, to modify ones demands, to modify a contract.



*Similar terms in relation to modify and sometimes used interchangeably are:*

**Recast** – To form, fashion or arrange again, to remodel or reconstruct

**Restructure** – To change, alter, or restore the structure of, to effect a fundamental change, recombine

**Many people confuse modification with the word refinance.**

These two terms are similar in relation but is as different as a mirror on the wall from a reflection from a pond.

**Refinancing (Refinance)** - To finance again, to satisfy a debt by making another loan on new terms. To increase or change the financing.

The **BIG** differences in the words are as follows.

### **Modify –**

In a modification you are not receiving a new loan. A modification makes changes to terms in your existing loan. The interest rate, loan term and principal balance are the most common terms that are changed. There are no new parties added or taken away from the mortgage note or deed. The debtor, borrower will remain the same.

In some cases you may have purchased your home before you were married. The servicer will need income documentation from both but the initial borrower will still remain on the loan after the process is finished.

Modifications are not based upon your credit score (as of yet) and requires no out of pocket costs. (Only in certain investor specific cases it does but that will be covered in chapters 10 through 12)

### **Refinance –**

In a refinance you are simply getting a new loan. The mortgage note and deed can remove borrowers and add borrowers. Traditional refinancing involves credit, equity and cash. Most borrowers are missing at least one of those requirements.

There are many new programs and grants available that cover refinancing that are state and hardship specific focusing on **underwater ( houses that are worth less than owed )** properties. Contact me for more info.

Now that we have a clear definition of what a modification is it is time to move forward covering the forms of modifications....

## Chapter 2: Forms of Modifying

This chapter will instruct you in the different ways that your bank, lender, servicer or investor can assist you in lowering your payment. There are many combinations they can use and in some cases they may just use one type. They are in no particular order and vary by *\*investor*. (*Investors own the loan*)

**1. Reduction in interest rate:**

Example: Your rate is fixed and at 7.5% and the rate is changed to 4.5%

**2. Change from *\*floating rate* to a fixed rate ( floating = adjustable)**

Example: Your rate changes every 6 months, yearly or at a time noted in your paperwork based on an *\*index or average*. (*LIBOR*)

**3. Compute the floating rate differently:**

Example: Your rate may be based on the LIBOR index that historically may fluctuate between 1% & 2% yearly. They may change your rate to the BOND BUYER index that may fluctuate .5% to .75% monthly. They may just keep the same index but take the average between the high amount and low amount fluctuating the adjustable between the two.



**4. Reduction in principal:**

Example: You owe \$100,000.00 on your property but the value is \$70,000.00. The banks have been known as a benchmark to reduce at least 30% of your principal to assist you -  $\$100,000 \times .30\% = \$30,000.00$ .  
 $\$100,000.00 - \$30,000.00 = \$70,000.00$

**5. Reduction in late fees and other penalties:**

Example: Your payment is \$1000.00 monthly and your late fee is \$50.00 along with a *\*BPO (Broker Price Opinion – Drive by Appraisal)* cost of \$350.00. You are behind 10 months and owe late fees of \$850.00. They reduce or forgive the amount.

**6. \*Capitalize Arrears: (Moving all late payments, fees, etc to back of loan)**

Example: You are behind 10 months on a \$100,000.00 loan with a \$1,000.00 payment with fees and penalties equaling \$10,850.00. They take this amount and place it to the back of the loan which also will increase the principal amount to \$110,850.00

**7. Lengthening of the long term:**

Example: You have paid the 30 year loan over the course of 8 years and they extend the term to 30 years again.

**8. Capping the payment to a percentage of household income:**

Example: Your gross income is \$4,000.00 monthly and if you qualified for the HAMP program that is 31% of your gross income you would pay \$1,240.00 monthly

**9. Forbearing or Forgiving Principal amount:**

Example: *forbearing* is placing penalized amount (if not current) on the back end and after 30 years or duration of term you pay it back. They can *forgive* the penalized amount or principal if current all at once or after you make a certain amount of successful payments.



## Chapter 3. Who can't Modify.....and why?



Are you current on your mortgage, and all of your credit cards, car notes, bills current and you don't have a hardship?

After you do your budget do you have enough left over to pay your mortgage twice and you are current?

Do you have enough money in your savings, checking and 401k to pay your mortgage at least 6 months and you're current?

Do you have a lot of equity and you're current on your payments?

Have you had your loan under a year?

In most of these cases you may want to look to refinance as the servicer, lender and bank will have a hard time trying to find a hardship. The servicer, lender, bank is not looking to assist those who may just want a lower rate or who's home may be underwater. You may be one of the above but have a hardship that could be taken into consideration. We will never tell you not to try but our experience tells us that your chances are close to none.....

They have programs available to refinance if you are underwater.....(Contact Me)

## Chapter 4. General Documents required..



The first thing that we would like to cover is that like snowflakes.....no two homeowners are the same. Everyone has a different reason for modifying and no matter how close you may be alike your level of assistance can differ.

There are however certain documents that you all will need that are the same. Those are the documents that everyone has to have in their file if they are looking to modify their home.

We will attach those docs in the following pages completed correctly for your notes. They have to be 100% right and true.

### **U.S. Treasury Guide Line Docs:**

**These 3 documents must be in every file and filled out correctly.**

**1. RMA** (request modification assistance) Hardship Affidavit:

This doc sums up your financial picture and you will also have to write a hardship letter detailing your situation.

**2. 4506t form:** This form has to be filled out by the owner and if they are married by the spouse even if they are not on the loan or have filed taxes.

**3. Dodd Frank Certificate:** This form states that you have not been convicted of any felonies within the last ten years financially related.

## **Income Related Docs:**

These docs vary by person. The first three should be in everyone's file.

1. Last 30 days of paystubs (Must update during process )
2. 3 months bank statements (Must update during process)
3. Last two years tax returns (sign and date pg 2)

## **The following income related docs are more personal.**

1. Awards Letter (SS, SSI, Retirement, Disability, Unemployment, food stamps etc)
2. W2s
3. Profit and loss statement (preferably from accountant)
4. Proof of Employment (Date started & Salary or Hourly wage)
5. Court ordered Child support docs (need to show amount)
6. Court ordered alimony, palimony docs ( need to show amount)
7. Budget ( with liabilities and expenses subtracted by net income)
8. Rental Agreement from tenant (Room, Apartment, storage, garage)
9. Tax Return extension (If you did not do your taxes)
10. Contribution letter ( amount and frequency )



## Additional Docs needed

1. Last mortgage statement received (Preferably within a year)
2. Last property tax bill
3. Last insurance declaration page
4. Last HOA / Condo Association bill
5. Utility Bill

## Personal Docs needed if they apply

6. Bankruptcy discharge Chapter 7 (under 3 years)
7. Attorney Permission letter Ch 13 (if active)
8. Divorce Decree
9. Non borrower occupancy
10. Permission letter from borrower for someone to speak
11. Death Certificate of spouse etc
12. Birth Certificate(s) of children if age not mentioned on court doc



The following pages are the U.S Treasury guideline docs filled out correctly...



# RMA (HARDSHIP AFFIDAVIT)

## Making Home Affordable Program Request For Mortgage Assistance (RMA)



If you are experiencing a financial hardship and need help, you must complete and submit this form along with other required documentation to be considered for foreclosure prevention options under the Making Home Affordable (MHA) Program. You must provide information about yourself and your intentions to either keep or transition out of your property; a description of the hardship that prevents you from paying your mortgage(s); information about **all** of your income, expenses and financial assets; whether you have declared bankruptcy; and information about the mortgage(s) on your principal residence and other single family real estate that you own. Finally, you will need to return to your loan servicer (1) this completed, signed and dated Request for Mortgage Assistance (RMA); and (2) completed and signed IRS Form 4506-T or 4506-EZ; and (3) all required income documentation identified in Section 4.

**When you sign and date this form, you will make important certifications, representations and agreements, including certifying that all of the information in this RMA is accurate and truthful.**

### SECTION 1: BORROWER INFORMATION

BORROWER		CO-BORROWER	
BORROWER'S NAME Patel Yellow Horse		CO-BORROWER'S NAME Tonya Montana	
SOCIAL SECURITY NUMBER 123-45-6789	DATE OF BIRTH (MM/DD/YY) 08/24/67	SOCIAL SECURITY NUMBER 987-65-4321	DATE OF BIRTH (MM/DD/YY) 12/25/1972
HOME PHONE NUMBER WITH AREA CODE 312 588-2300		HOME PHONE NUMBER WITH AREA CODE 312 588-2300	
CELL OR WORK NUMBER WITH AREA CODE 727 777-9311		CELL OR WORK NUMBER WITH AREA CODE 727 867-5309	
MAILING ADDRESS 1600 Pennsylvania Avenue Washington DC 20500		MAILING ADDRESS (IF SAME AS BORROWER, WRITE "SAME") Same	
EMAIL ADDRESS savemyhome@gmail.com		EMAIL ADDRESS modifymyloan@yahoo.com	
Has any borrower filed for bankruptcy? <input type="checkbox"/> Chapter 7 <input type="checkbox"/> Chapter 13 Filing Date: _____ Bankruptcy case number: _____ Has your bankruptcy been discharged? <input type="checkbox"/> Yes <input type="checkbox"/> No		Is any borrower a servicemember? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Have you recently been deployed away from your principal residence or recently received a permanent change of station order? <input type="checkbox"/> Yes <input type="checkbox"/> No	

How many single family properties other than your principal residence do you and/or any co-borrower(s) own individually, jointly, or with others? None

Has the mortgage on your principal residence ever had a Home Affordable Modification Program (HAMP) trial period plan or permanent modification?  Yes  No

Has the mortgage on any other property that you or any co-borrower own had a permanent HAMP modification?  Yes  No If "Yes", how many? DNA

Are you or any co-borrower currently in or being considered for a HAMP trial period plan on a property other than your principal residence?  Yes  No

### SECTION 2: HARDSHIP AFFIDAVIT

I (We) am/are requesting review under MHA.  
I am having difficulty making my monthly payment because of financial difficulties created by (check all that apply):

<input checked="" type="checkbox"/> My household income has been reduced. For example: reduced pay or hours, decline in business or self employment earnings, death, disability or divorce of a borrower or co-borrower.	<input type="checkbox"/> My monthly debt payments are excessive and I am overextended with my creditors. Debt includes credit cards, home equity or other debt.
<input type="checkbox"/> My expenses have increased. For example: monthly mortgage payment reset, high medical or health care costs, uninsured losses, increased utilities or property taxes.	<input checked="" type="checkbox"/> My cash reserves, including all liquid assets, are insufficient to maintain my current mortgage payment and cover basic living expenses at the same time.
<input type="checkbox"/> I am unemployed and (a) I am receiving/will receive unemployment benefits or (b) my unemployment benefits ended less than 6 months ago.	Other:

Explanation (continue on a separate sheet of paper if necessary):



**SECTION 3: PRINCIPAL RESIDENCE INFORMATION**

(This section is required even if you are not seeking mortgage assistance on your principal residence)

I am requesting mortgage assistance with my principal residence  Yes  No

If "yes", I want to:  Keep the property  Sell the property

Property Address: 1600 Pennsylvania Avenue Washington DC 20500 Loan I.D. Number: 321456987

Other mortgages or liens on the property?  Yes  No Lien Holder / Servicer Name: \_\_\_\_\_ Loan I.D. Number: \_\_\_\_\_

Do you have condominium or homeowner association (HOA) fees?  Yes  No If "Yes", Monthly Fee \$ \_\_\_\_\_ Are fees paid current?  Yes  No

Name and address that fees are paid to: \_\_\_\_\_

Does your mortgage payment include taxes and insurance?  Yes  No If "No", are the taxes and insurance paid current?  Yes  No

Annual Homeowner's Insurance \$ 1500.00

Is the property listed for sale?  Yes  No If "Yes", Listing Agent's Name: \_\_\_\_\_ Phone Number: \_\_\_\_\_

List date? \_\_\_\_\_ Have you received a purchase offer?  Yes  No Amount of Offer \$ \_\_\_\_\_ Closing Date: \_\_\_\_\_

**Complete this section ONLY if you are requesting mortgage assistance with a property that is not your principal residence.**

Principal residence servicer name: \_\_\_\_\_ Principal residence servicer phone number: \_\_\_\_\_

Is the mortgage on your principal residence paid?  Yes  No If "No", number of months your payment is past due (if known): \_\_\_\_\_

**SECTION 4: COMBINED INCOME AND EXPENSE OF BORROWER AND CO-BORROWER**

Monthly Household Income		Monthly Household Expenses/Debt (*Principal Residence Expense Only)		Household Assets	
Monthly Gross wages	\$ \$1534.00	First Mortgage Principal & Interest Payment*	\$ \$1300.00	Checking Account(s)	\$
Overtime	\$ \$0.00	Second Mortgage Principal & Interest Payment*	\$ \$0.00	Checking Account(s)	\$ \$900.00
Self employment Income	\$ \$2266.00	Homeowner's Insurance*	\$ \$100.00	Savings / Money Market	\$ \$0.00
Unemployment Income	\$ \$0.00	Property Taxes*	\$ \$200.00	CDs	\$ \$0.00
Untaxed Social Security / SSD	\$ \$0.00	HOA/Condo Fees*	\$ \$0.00	Stocks / Bonds	\$ \$0.00
Food Stamps/Welfare	\$ \$0.00	Credit Cards/Installment debt (total min. payment)	\$ \$140.00	Other Cash on Hand	\$ \$50.00
Taxable Social Security or retirement income	\$ \$0.00	Child Support / Alimony	\$ \$0.00		
Child Support / Alimony**	\$ \$0.00	Car Payments	\$ \$360.00		
Tips, commissions, bonus and overtime	\$ \$0.00	Mortgage Payments other properties****	\$ \$0.00		
Gross Rents Received ***	\$ \$0.00	Other	\$ \$0.00	Value of all Real Estate except principal residence	\$ \$0.00
Other	\$ \$0.00			Other	\$ \$0.00
<b>Total (Gross income)</b>	<b>\$ \$3800.00</b>	<b>Total Debt/Expenses</b>	<b>\$ \$2100.00</b>	<b>Total Assets</b>	<b>\$ \$950.00</b>

\*\* Alimony, child support or separate maintenance income need not be disclosed if you do not choose to have it considered for repaying your mortgage debt.  
 \*\*\* Include rental income received from all properties you own EXCEPT a property for which you are seeking mortgage assistance in Section 6.  
 \*\*\*\* Include mortgage payments on all properties you own EXCEPT your principal residence and the property for which you are seeking mortgage assistance in Section 6.



**Required Income Documentation**

(Your servicer may request additional documentation to complete your evaluation for MHA)

<b>All Borrowers</b>	<input type="checkbox"/> Include a signed IRS Form 4506-T or 4506T-EZ
<input checked="" type="checkbox"/> Do you earn a wage? Borrower Hire Date (MM/DD/YY) <u>01/15/93</u> Co-borrower Hire Date (MM/DD/YY) _____	<input checked="" type="checkbox"/> For each borrower who is a salaried employee or hourly wage earner, provide the most recent pay stub(s) that reflects at least 30 days of year-to-date income.
<input checked="" type="checkbox"/> Are you self-employed?	<input checked="" type="checkbox"/> Provide your most recent signed and dated quarterly or year-to date profit and loss statement.
<input type="checkbox"/> Do you receive tips, commissions, bonuses, housing allowance or overtime?	<input type="checkbox"/> Describe the type of income, how frequently you receive the income and third party documentation describing the income (e.g., employment contracts or printouts documenting tip income).
<input type="checkbox"/> Do you receive social security, disability, death benefits, pension, public assistance or adoption assistance?	<input type="checkbox"/> Provide documentation showing the amount and frequency of the benefits, such as letters, exhibits, disability policy or benefits statement from the provider and receipt of payment (such as two most recent bank statements or deposit advices).
<input type="checkbox"/> Do you receive alimony, child support, or separation maintenance payments?	<input type="checkbox"/> Provide a copy of the divorce decree, separation agreement, or other written legal agreement filed with the court that states the amount of the payments and the period of time that you are entitled to receive them. AND <input type="checkbox"/> Copies of your two most recent bank statements or deposit advices showing you have received payment. <b>Notice: Alimony, child support or separate maintenance income need not be disclosed if you do not choose to have it considered for repaying your mortgage debt.</b>
<input type="checkbox"/> Do you have income from rental properties that are not your principal residence?	<input type="checkbox"/> Provide your most recent Federal Tax return with all schedules, including Schedule E. <input type="checkbox"/> If rental income is not reported on Schedule E, provide a copy of the current lease agreement with bank statements showing deposit of rent checks.

**SECTION 5: OTHER PROPERTIES OWNED**

(You must provide information about all properties that you or the co-borrower own, other than your principal residence and any property described in Section 6 below. Use additional sheets if necessary.)

**Other Property #1**

Property Address: Does Not Apply Loan I.D. Number: \_\_\_\_\_

Servicer Name: \_\_\_\_\_ Mortgage Balance \$ \_\_\_\_\_ Current Value \$ \_\_\_\_\_

Property is:  Vacant  Second or seasonal home  Rented Gross Monthly Rent \$ \_\_\_\_\_ Monthly mortgage payment\* \$ \_\_\_\_\_

**Other Property #2**

Property Address: \_\_\_\_\_ Loan I.D. Number: \_\_\_\_\_

Servicer Name: \_\_\_\_\_ Mortgage Balance \$ \_\_\_\_\_ Current Value \$ \_\_\_\_\_

Property is:  Vacant  Second or seasonal home  Rented Gross Monthly Rent \$ \_\_\_\_\_ Monthly mortgage payment\* \$ \_\_\_\_\_

**Other Property #3**

Property Address: \_\_\_\_\_ Loan I.D. Number: \_\_\_\_\_

Servicer Name: \_\_\_\_\_ Mortgage Balance \$ \_\_\_\_\_ Current Value \$ \_\_\_\_\_

Property is:  Vacant  Second or seasonal home  Rented Gross Monthly Rent \$ \_\_\_\_\_ Monthly mortgage payment\* \$ \_\_\_\_\_

\* The amount of the monthly payment made to your lender – including, if applicable, monthly principal, interest, real property taxes and insurance premiums..



**SECTION 6: OTHER PROPERTY FOR WHICH ASSISTANCE IS REQUESTED**

(Complete this section **ONLY** if you are requesting mortgage assistance with a property that is not your principal residence.)

I am requesting mortgage assistance with a rental property.  Yes  No

I am requesting mortgage assistance with a second or seasonal home.  Yes  No

If "Yes" to either, I want to:  Keep the property  Sell the property

Property Address: \_\_\_\_\_ Loan I.D. Number: \_\_\_\_\_

Do you have a second mortgage on the property  Yes  No If "Yes", Servicer Name: \_\_\_\_\_ Loan I.D. Number: \_\_\_\_\_

Do you have condominium or homeowner association (HOA) fees?  Yes  No If "Yes", Monthly Fee \$ \_\_\_\_\_ Are HOA fees paid current?  Yes  No

Name and address that fees are paid to: \_\_\_\_\_

Does your mortgage payment include taxes and insurance?  Yes  No If "No", are the taxes and insurance paid current?  Yes  No

Annual Homeowner's Insurance \$ \_\_\_\_\_ Annual Property Taxes \$ \_\_\_\_\_

If requesting assistance with a rental property, property is currently:  Vacant and available for rent.  
 Occupied without rent by your legal dependent, parent or grandparent as their principal residence.  
 Occupied by a tenant as their principal residence.  
 Other \_\_\_\_\_

If rental property is occupied by a tenant: Term of lease / occupancy \_\_\_\_/\_\_\_\_/\_\_\_\_ - \_\_\_\_/\_\_\_\_/\_\_\_\_ Gross Monthly Rent \$ \_\_\_\_\_  
MM / DD / YYYY MM / DD / YYYY

If rental property is vacant, describe efforts to rent property: \_\_\_\_\_  
 \_\_\_\_\_

If applicable, describe relationship of and duration of non-rent paying occupant of rental property: \_\_\_\_\_  
 \_\_\_\_\_

Is the property for sale?  Yes  No If "Yes", Listing Agent's Name: \_\_\_\_\_ Phone Number: \_\_\_\_\_

List date? \_\_\_\_\_ Have you received a purchase offer?  Yes  No Amount of Offer \$ \_\_\_\_\_ Closing Date: \_\_\_\_\_

**RENTAL PROPERTY CERTIFICATION**

(You must complete this certification if you are requesting a mortgage modification with respect to a rental property.)

By checking this box and initialing below, I am requesting a mortgage modification under MHA with respect to the rental property described in this Section 6 and I hereby certify under penalty of perjury that each of the following statements is true and correct with respect to that property:

1. I intend to rent the property to a tenant or tenants for at least five years following the effective date of my mortgage modification. I understand that the servicer, the U.S. Department of the Treasury, or their respective agents may ask me to provide evidence of my intention to rent the property during such time. I further understand that such evidence must show that I used reasonable efforts to rent the property to a tenant or tenants on a year-round basis, if the property is or becomes vacant during such five-year period.

Note: The term "reasonable efforts" includes, without limitation, advertising the property for rent in local newspapers, websites or other commonly used forms of written or electronic media, and/or engaging a real estate or other professional to assist in renting the property, in either case, at or below market rent.

2. The property is not my secondary residence and I do not intend to use the property as a secondary residence for at least five years following the effective date of my mortgage modification. I understand that if I do use the property as a secondary residence during such five-year period, my use of the property may be considered to be inconsistent with the certifications I have made herein.

Note: The term "secondary residence" includes, without limitation, a second home, vacation home or other type of residence that I personally use or occupy on a part-time, seasonal or other basis.

3. I do not own more than five (5) single-family homes (i.e., one-to-four unit properties) (exclusive of my principal residence).

**Notwithstanding the foregoing certifications, I may at any time sell the property, occupy it as my principal residence, or permit my legal dependent, parent or grandparent to occupy it as their principal residence with no rent charged or collected, none of which will be considered to be inconsistent with the certifications made herein.**

This certification is effective on the earlier of the date listed below or the date the RMA is received by your servicer.

Initials: Borrower \_\_\_\_\_ Co-borrower \_\_\_\_\_



**SECTION 7: DODD -FRANK CERTIFICATION**

The following information is requested by the federal government in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203). **You are required to furnish this information.** The law provides that no person shall be eligible to begin receiving assistance from the Making Home Affordable Program, authorized under the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5201 et seq.), or any other mortgage assistance program authorized or funded by that Act, if such person, in connection with a mortgage or real estate transaction, has been convicted, within the last 10 years, of any one of the following: (A) felony larceny, theft, fraud, or forgery, (B) money laundering or (C) tax evasion.

I/we certify under penalty of perjury that I/we have not been convicted within the last 10 years of any one of the following in connection with a mortgage or real estate transaction:

- (a) felony larceny, theft, fraud, or forgery,
- (b) money laundering or
- (c) tax evasion.

I/we understand that the servicer, the U.S. Department of the Treasury, or their respective agents may investigate the accuracy of my statements by performing routine background checks, including automated searches of federal, state and county databases, to confirm that I/we have not been convicted of such crimes. I/we also understand that knowingly submitting false information may violate Federal law. This certification is effective on the earlier of the date listed below or the date this RMA is received by your servicer.

**SECTION 8: INFORMATION FOR GOVERNMENT MONITORING PURPOSES**

The following information is requested by the federal government in order to monitor compliance with federal statutes that prohibit discrimination in housing. **You are not required to furnish this information, but are encouraged to do so. The law provides that a lender or servicer may not discriminate either on the basis of this information, or on whether you choose to furnish it.** If you furnish the information, please provide both ethnicity and race. For race, you may check more than one designation. If you do not furnish ethnicity, race, or sex, the lender or servicer is required to note the information on the basis of visual observation or surname if you have made this request for a loan modification in person. **If you do not wish to furnish the information, please check the box below.**

BORROWER <input checked="" type="checkbox"/> I do not wish to furnish this information	CO-BORROWER <input checked="" type="checkbox"/> I do not wish to furnish this information	
Ethnicity: <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino Race: <input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> White Sex: <input type="checkbox"/> Female <input type="checkbox"/> Male	Ethnicity: <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino Race: <input type="checkbox"/> American Indian or Alaska Native <input type="checkbox"/> Asian <input type="checkbox"/> Black or African American <input type="checkbox"/> Native Hawaiian or Other Pacific Islander <input type="checkbox"/> White Sex: <input type="checkbox"/> Female <input type="checkbox"/> Male	
<b>To be completed by interviewer</b>		
This request was taken by: <input type="checkbox"/> Face-to-face Interview <input type="checkbox"/> Mail <input type="checkbox"/> Telephone <input type="checkbox"/> Internet	Interviewer's Name (print or type) & ID Number	Name/Address of Interviewer's Employer
	Interviewer's Signature <span style="float: right;">Date</span>	
	Interviewer's Phone Number (include area code)	



SECTION 9: BORROWER AND CO-BORROWER ACKNOWLEDGEMENT AND AGREEMENT

1. I certify that all of the information in this RMA is truthful and the hardship(s) identified above has contributed to submission of this request for mortgage relief.
2. I understand and acknowledge that the Servicer, the U.S. Department of the Treasury, the owner or guarantor of my mortgage loan, or their respective agents may investigate the accuracy of my statements, may require me to provide additional supporting documentation and that knowingly submitting false information may violate Federal and other applicable law.
3. I authorize and give permission to the Servicer, the U.S. Department of the Treasury, and their respective agents, to assemble and use a current consumer report on all borrowers obligated on the loan, to investigate each borrower's eligibility for MHA and the accuracy of my statements and any documentation that I provide in connection with my request for assistance. I understand that these consumer reports may include, without limitation, a credit report, and be assembled and used at any point during the application process to assess each borrower's eligibility thereafter.
4. I understand that if I have intentionally defaulted on my existing mortgage, engaged in fraud or if it is determined that any of my statements or any information contained in the documentation that I provide are materially false and that I was ineligible for assistance under MHA, the Servicer, the U.S. Department of the Treasury, or their respective agents may terminate my participation in MHA, including any right to future benefits and incentives that otherwise would have been available under the program, and also may seek other remedies available at law and in equity, such as recouping any benefits or incentives previously received.
5. I certify that any property for which I am requesting assistance is a habitable residential property that is not subject to a condemnation notice.
6. I certify that I am willing to provide all requested documents and to respond to all Servicer communications in a timely manner. I understand that time is of the essence.
7. I understand that the Servicer will use the information I provide to evaluate my eligibility for available relief options and foreclosure alternatives, but the Servicer is not obligated to offer me assistance based solely on the representations in this document or other documentation submitted in connection with my request.
8. I am willing to commit to credit counseling if it is determined that my financial hardship is related to excessive debt.
9. If I am eligible for assistance under MHA, and I accept and agree to all terms of an MHA notice, plan, or agreement, I also agree that the terms of this Acknowledgment and Agreement are incorporated into such notice, plan, or agreement by reference as if set forth therein in full. My first timely payment, if required, following my servicer's determination and notification of my eligibility or prequalification for MHA assistance will serve as my acceptance of the terms set forth in the notice, plan, or agreement sent to me.
10. I understand that my Servicer will collect and record personal information that I submit in this RMA and during the evaluation process, including, but not limited to, my name, address, telephone number, social security number, credit score, income, payment history, government monitoring information, and information about my account balances and activity. I understand and consent to the Servicer's disclosure of my personal information and the terms of any MHA notice, plan or agreement to the U.S. Department of the Treasury and its agents, Fannie Mae and Freddie Mac in connection with their responsibilities under MHA, companies that perform support services in conjunction with MHA, any investor, insurer, guarantor, or servicer that owns, insures, guarantees, or services my first lien or subordinate lien (if applicable) mortgage loan(s) and to any HUD-certified housing counselor.
11. I consent to being contacted concerning this request for mortgage assistance at any e-mail address or cellular or mobile telephone number I have provided to the Servicer. This includes text messages and telephone calls to my cellular or mobile telephone.

The undersigned certifies under penalty of perjury that all statements in this document are true and correct.

*Patel Yellow horse*  
Borrower Signature

123-45-6789  
Social Security Number

08-24-1967  
Date of Birth

01-29-13  
Date

*Tonya Montana*  
Co-borrower Signature

987-65-4321  
Social Security Number

12-25-1972  
Date of Birth

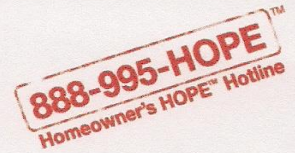
01-29-13  
Date



## HOMEOWNER'S HOTLINE

*If you have questions about this document or the Making Home Affordable Program, please call your servicer.  
If you have questions about the program that your servicer cannot answer or need further counseling, you can call the Homeowner's HOPE™ Hotline at 1-888-995-HOPE (4673).*

*The Hotline can help with questions about the program and offers free HUD-certified counseling services in English and Spanish.*



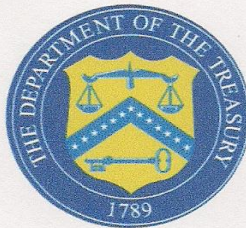
## NOTICE TO BORROWERS

Be advised that by signing this document you understand that any documents and information you submit to your servicer in connection with the Making Home Affordable Program are under penalty of perjury. Any misstatement of material fact made in the completion of these documents including but not limited to misstatement regarding your occupancy of your property, hardship circumstances, and/or income, expenses, or assets will subject you to potential criminal investigation and prosecution for the following crimes: perjury, false statements, mail fraud, and wire fraud. The information contained in these documents is subject to examination and verification. Any potential misrepresentation will be referred to the appropriate law enforcement authority for investigation and prosecution. By signing this document you certify, represent and agree that: "Under penalty of perjury, all documents and information I have provided to my Servicer in connection with the Making Home Affordable Program, including the documents and information regarding my eligibility for the program, are true and correct."

If you are aware of fraud, waste, abuse, mismanagement or misrepresentations affiliated with the Troubled Asset Relief Program, please contact the SIGTARP Hotline by calling 1-877-SIG-2009 (toll-free), 202-622-4559 (fax), or [www.sig tarp.gov](http://www.sig tarp.gov) and provide them with your name, our name as your servicer, your property address, loan number and the reason for escalation. Mail can be sent to Hotline Office of the Special Inspector General for Troubled Asset Relief Program, 1801 L St. NW, Washington, DC 20220.

### **Beware of Foreclosure Rescue Scams. Help is FREE!**

- **There is never a fee to get assistance or information about the Making Home Affordable Program from your lender or a HUD-approved housing counselor.**
- **Beware of any person or organization that asks you to pay a fee in exchange for housing counseling services or modification of a delinquent loan.**
- **Beware of anyone who says they can "save" your home if you sign or transfer over the deed to your house. Do not sign over the deed to your property to any organization or individual unless you are working directly with your mortgage company to forgive your debt.**
- **Never make your mortgage payments to anyone other than your mortgage company without their approval.**



**Name: Patel Yellow Horse / Tonya Montana**

**Address: 1600 Pennsylvania Avenue Washington DC 20500**

**Lender Name: Citiwells America**

**Loan #: 321456987**

**Explain hardship in detail with what happened before you missed a payment, when you missed your first payment and what you have done to reach out. Please use months and years.....**

In **2011 June** my company cut back on our overtime. I was averaging 20 hrs a pay period and had been doing so for over 4 years. My husband is self employed and although his income is steady my income has continued to decrease. **September 2011** I had to take a mandatory month off from work as part of my employer's cutbacks. In **2011 November** we missed our 1<sup>st</sup> payment as we had exhausted our savings.

We reached out to the bank and were told that as long as we paid something we would be ok. We tried to come current but in **Jan 2012** my car had to have its transmission replaced. **In 2012 March** the bank stopped taking our payments. We submitted a full modification package to our lender in **May 2012** and never heard anything back.

My in laws moved into our home in **June 2012** and this increased our expenses as they had no income. The bank sent us a foreclosure letter that same month and said they could not locate our mod package. We reached out to Save Our Home Corp. in **August 2012** for assistance.

**How are you looking for your servicer to assist you?**

We are looking to have our loan payments brought current, reducing our principal balance and possibly lowering our adjustable interest rate to reflect an affordable payment that includes PITI .....

**Is your situation Temporary or Permanent?**

We believe that our financial hardship will have become temporary if we are able to receive your assistance with an affordable payment.

**What changes have you made in your spending that benefits you?**

We only purchase things that contribute to our survival. We cut coupons. Buy in bulk when there is a sale and are open to any suggestions you may have that will enable us to stay in our home of over ten years.

Borrower Signature \_\_\_\_\_ Date \_\_\_\_\_

Co-Borrower Signature \_\_\_\_\_ Date \_\_\_\_\_



# 4506t

Form **4506-T**  
(Rev. January 2012)  
Department of the Treasury  
Internal Revenue Service

## Request for Transcript of Tax Return

▶ Request may be rejected if the form is incomplete or illegible.

OMB No. 1545-1872

**Tip.** Use Form 4506-T to order a transcript or other return information free of charge. See the product list below. You can quickly request transcripts by using our automated self-help service tools. Please visit us at [IRS.gov](http://IRS.gov) and click on "Order a Transcript" or call 1-800-908-9946. If you need a copy of your return, use Form 4506, Request for Copy of Tax Return. There is a fee to get a copy of your return.

<b>1a</b> Name shown on tax return. If a joint return, enter the name shown first. <b>Patel Yellow Horse</b>	<b>1b</b> First social security number on tax return, individual taxpayer identification number, or employer identification number (see instructions) <b>123-45-6789</b>
<b>2a</b> If a joint return, enter spouse's name shown on tax return. <b>Tonya Montana</b>	<b>2b</b> Second social security number or individual taxpayer identification number if joint tax return <b>987-65-4321</b>
<b>3</b> Current name, address (including apt., room, or suite no.), city, state, and ZIP code (see instructions) <b>Patel Yellow Horse 1600 Pennsylvania Ave Washington DC 20500</b>	
<b>4</b> Previous address shown on the last return filed if different from line 3 (see instructions)	
<b>5</b> If the transcript or tax information is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number.	

**Caution.** If the tax transcript is being mailed to a third party, ensure that you have filled in lines 6 through 9 before signing. Sign and date the form once you have filled in these lines. Completing these steps helps to protect your privacy. Once the IRS discloses your IRS transcript to the third party listed on line 5, the IRS has no control over what the third party does with the information. If you would like to limit the third party's authority to disclose your transcript information, you can specify this limitation in your written agreement with the third party.

**6 Transcript requested.** Enter the tax form number here (1040, 1065, 1120, etc.) and check the appropriate box below. Enter only one tax form number per request. ▶ **1040**

**a Return Transcript,** which includes most of the line items of a tax return as filed with the IRS. A tax return transcript does not reflect changes made to the account after the return is processed. Transcripts are only available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120A, Form 1120H, Form 1120L, and Form 1120S. Return transcripts are available for the current year and returns processed during the prior 3 processing years. Most requests will be processed within 10 business days . . . . .

**b Account Transcript,** which contains information on the financial status of the account, such as payments made on the account, penalty assessments, and adjustments made by you or the IRS after the return was filed. Return information is limited to items such as tax liability and estimated tax payments. Account transcripts are available for most returns. Most requests will be processed within 30 calendar days . . . . .

**c Record of Account,** which provides the most detailed information as it is a combination of the Return Transcript and the Account Transcript. Available for current year and 3 prior tax years. Most requests will be processed within 30 calendar days . . . . .

**7 Verification of Nonfiling,** which is proof from the IRS that you **did not** file a return for the year. Current year requests are only available after June 15th. There are no availability restrictions on prior year requests. Most requests will be processed within 10 business days . . . . .

**8 Form W-2, Form 1099 series, Form 1098 series, or Form 5498 series transcript.** The IRS can provide a transcript that includes data from these information returns. State or local information is not included with the Form W-2 information. The IRS may be able to provide this transcript information for up to 10 years. Information for the current year is generally not available until the year after it is filed with the IRS. For example, W-2 information for 2010, filed in 2011, will not be available from the IRS until 2012. If you need W-2 information for retirement purposes, you should contact the Social Security Administration at 1-800-772-1213. Most requests will be processed within 45 days . . . . .

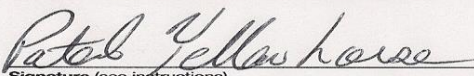
**Caution.** If you need a copy of Form W-2 or Form 1099, you should first contact the payer. To get a copy of the Form W-2 or Form 1099 filed with your return, you must use Form 4506 and request a copy of your return, which includes all attachments.

**9 Year or period requested.** Enter the ending date of the year or period, using the mm/dd/yyyy format. If you are requesting more than four years or periods, you must attach another Form 4506-T. For requests relating to quarterly tax returns, such as Form 941, you must enter each quarter or tax period separately. **12/31/2012 12/31/2011**

Check this box if you have notified the IRS or the IRS has notified you that one of the years for which you are requesting a transcript involved **identity theft** on your federal tax return . . . . .

**Caution.** Do not sign this form unless all applicable lines have been completed.

**Signature of taxpayer(s).** I declare that I am either the taxpayer whose name is shown on line 1a or 2a, or a person authorized to obtain the tax information requested. If the request applies to a joint return, either husband or wife must sign. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute Form 4506-T on behalf of the taxpayer. **Note.** For transcripts being sent to a third party, this form must be received within 120 days of the signature date.

<b>Sign Here</b>	 Signature (see instructions)	<b>10/12/2013</b> Date	Phone number of taxpayer on line 1a or 2a <b>312 867-5309</b>
	Title (if line 1a above is a corporation, partnership, estate, or trust)		
	Spouse's signature		

For Privacy Act and Paperwork Reduction Act Notice, see page 2.

Cat. No. 37667N

Form **4506-T** (Rev. 1-2012)

This is an example of filing jointly. If you file separately you both need one. The only time you would fill out line five is if the bank specifically told you what to write. If you did not file taxes you must check the box after 7.1600



# Dodd – Frank Certification

HELP FOR AMERICA'S HOMEOWNERS.



## Dodd-Frank Certification

The following information is requested by the federal government in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203). **You are required to furnish this information.** The law provides that no person shall be eligible to begin receiving assistance from the Making Home Affordable Program, authorized under the Emergency Economic Stabilization Act of 2008 (12 U.S.C. 5201 *et seq.*), or any other mortgage assistance program authorized or funded by that Act, if such person, in connection with a mortgage or real estate transaction, has been convicted, within the last 10 years, of any one of the following: (A) felony larceny, theft, fraud, or forgery, (B) money laundering or (C) tax evasion.

I/we certify under penalty of perjury that I/we have not been convicted within the last 10 years of any one of the following in connection with a mortgage or real estate transaction:

- (a) felony larceny, theft, fraud, or forgery,
- (b) money laundering or
- (c) tax evasion.

I/we understand that the servicer, the U.S. Department of the Treasury, or their agents may investigate the accuracy of my statements by performing routine background checks, including automated searches of federal, state and county databases, to confirm that I/we have not been convicted of such crimes. I/we also understand that knowingly submitting false information may violate Federal law.

This Certificate is effective on the earlier of the date listed below or the date received by your servicer.

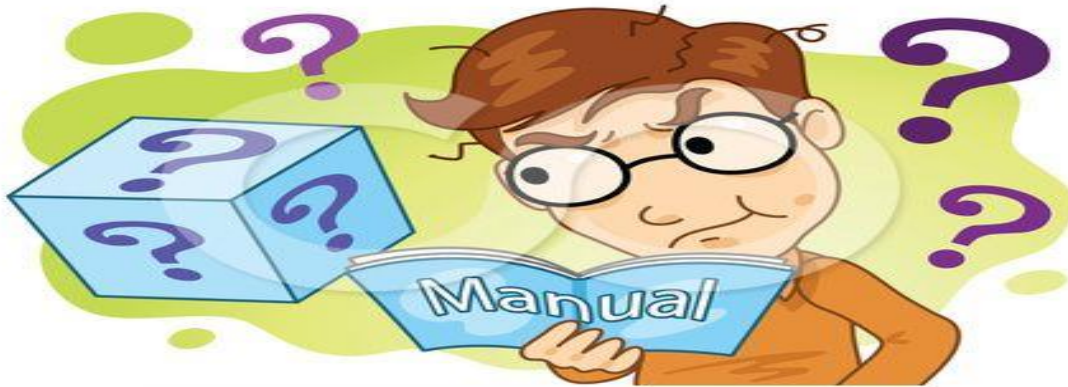
Patel Yellar Horse  
Borrower Signature

01-29-2013  
Date

Tonya Montana  
Co-Borrower Signature

01-29-2013  
Date

## Chapter 5. How the bank calculates income



**This may be the most important chapter when it comes to a modification.**

It is by far the most challenging because there is truly no standard set. There are basics that they use for weekly, bi-weekly, semi-monthly, monthly and salaried but every borrower works differently.

The real hard part is if your income is commission based, inconsistent or self employed. If you have a combination of all there can really be a problem as most of us work various jobs.

I know what you are thinking now. (I really don't know but like to say that) How can I calculate my income correctly if they don't even know how? Well as hard as it might look as long as you explain your calculations they will have to explain how their calculations differ and why.

You may also have figured out one of the reasons they ask for your tax returns.

Ok, we know that some of you work overtime, under time, have missed days this week, got paid in advance, work seasonally, and every other scenario under the sun. That is the reason why the servicer, bank, lender or investor requires 30 days of income so that they can view those fluctuations and make any adjustments if necessary. They look at YTD (year to date) gross and net among other things. This is the reason why they also have you to continuously send in income throughout the process.



So let's get started with the easiest and work our way to confoundment.

All income is calculated by the last check in the 30 days cycle. Once again this is the basics and they have your checks to compare to YTD fluctuations in overtime, etc.

They will also add back a list of items into your NET income. We will provide the most common list used and how it affects your bottom line after we complete the W2 employee's calculations.

**These examples are not inclusive of add backs into your net....**

**They are also rounded up to nearest dollar.**

1. Weekly Income – 52 pay periods ( 52 weeks in a year )

Example: Gross = \$800.00 Net = \$680.00

$$\$800.00 \times 52 = \$41,600.00$$

$$\$41,600.00 / 12 = \$3,466.00$$

Gross Monthly Income = \$3,466.00

$$\$680.00 \times 52 = \$35,360.00$$

$$\$35,360.00 / 12 = \$2,946.00$$

Net Monthly Income = \$2,946.00



The net monthly income will be used to subtract your \*liabilities (on credit report) and \*expenses (household bills etc) from.

2. Semi – Monthly Income: 24 pay periods ( You get paid twice a month on a specific date like the 1<sup>st</sup> and 15<sup>th</sup> or 15<sup>th</sup> and 30<sup>th</sup> etc)

Example: Gross = \$5,430.00 Net = \$4,870.00

$$\$5,430.00 \times 24 = \$130,320.00$$

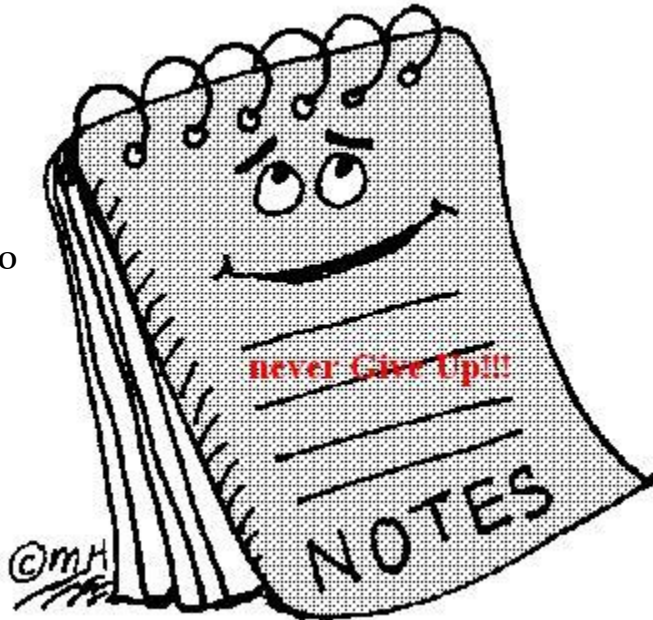
$$\$130,320.00 / 12 = \$10,860.00$$

Gross Monthly Income = \$10,860.00

$$\$4,870.00 \times 24 = \$116,880.00$$

$$\$116,880.00 / 12 = \$9,740.00$$

Net Monthly Income = \$9,740.00



The net monthly income will be used to subtract your \*liabilities (on credit report) and \*expenses (household bills etc) from.

Remember.....when you submit your package you may want to include a simple note detailing how you came about the calculations you submitted for gross and net income.

3. Bi-weekly Income: 26 pay periods (paid every two weeks)

Example: Gross = \$2,135.00 Net = \$1,967.00

$$\$2,135.00 \times 26 = \$55,510.00$$

$$\$55,510.00 / 12 = \$4,626.00$$

Gross Monthly Income = \$4,626.00

$$\$1,967.00 \times 26 = \$51,142.00$$

$$\$51,142.00 / 12 = \$4,262.00$$

Net Monthly Income = \$4,262.00

The net monthly income will be used to subtract your \*liabilities (on credit report) and \*expenses (household bills etc) from.

**Remember**.....when you submit your package you may want to include a simple note detailing how you came about the calculations you submitted for gross and net income.

I know that at least for now the math seems quite elementary but I'm sorry I still have to include the monthly calculations. We should never assume that a person knows. Assumptions are part of the problem.....



4. Monthly Income ( paid once a month)



**Example: Gross = \$7,500.00 Net = \$6,000.00**

$\$7,500.00 \times 12 = \$90,000.00 / 12 = \$7,500.00$

**Gross Monthly Income = \$7,500.00**

$\$6,000.00 \times 12 = \$72,000.00 / 12 = \$6,000.00$

**Net Monthly Income = \$6,000.00**

We have just covered the basics without add backs to the net and gross income for employees that receive a W2. This is the simplest way to calculate income.

**Remember...**the bank will have your checks. If you miss something or there are any EXTRA calculations involving overtime etc they have to explain them to you.

**NEWS FLASH** --- THEY SOMETIMES DIVIDE YTD BY PAYCHECK PERIOD!!!

## **ADDBACKS!!!**

Addbacks – Income taken from your net income that can be added back into your income. The bank will count this as part of your net

You must be sure that when doing your budget that you don't "double dip" because these items that you add back some have to be ZEROED out in expenses and liabilities.

**Example: Your paychecks net deposited into your main bank is \$1,000.00**

You also have items from your gross deducted that are not medical, state, federal taxes etc.

Garnishment = \$25.00 = liability

Child support = \$200.00 = liability

Allotments to other banks = \$150.00 – neither liability or expense

Flex spending = \$25.00 = expense

Ch 13 BK without arrears = \$75.00 = liability

401k loan = \$75.00 = liability

IRS tax lien \$25.00 = liability

Ch 13 BK with arrears \$25.00 If car loan, IRS, or HOA lien = liability

401k contribution \$100.00 = expense

**Total income banks calculate as net = \$1,700.00**

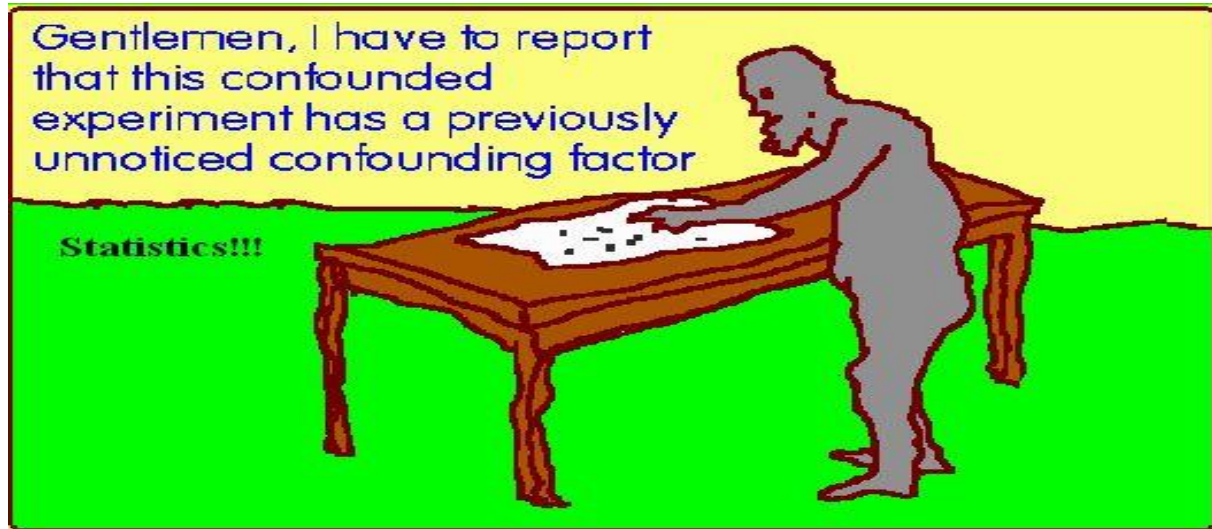
**(do math from \$1,700.00 number x26, x24, x52, x12 etc)**

All yellow items should be zeroed out under liabilities (credit report)

An expense would not be considered a savings.



**The truth about income math is that it is not consistent and calculating future income is truly impossible....Anyone beg to differ?**



**This section of math covers those that are 1099 employed, receive non taxed commissions, self employed or own their own business and give themselves a paycheck.**

You may be known by some in the industry as those whose income is considered irregular.

The easiest way to calculate your income is with a Profit And Loss Statement. (not everyone has an accountant)

However sometimes the bank wants you to become really detailed and would like to see proof of the expenses you claimed or at least see the money claimed entering into an account.

We have included a sheet that you can use to tally up those deposits and expenses for the month and the yearly calculations to coincide with your bank statements.

Please note that your income is not typical of that used for tax purposes as most accountants zero out your income so that you owe less. The banks are only concerned with the true expenses of your business and not write offs.

These next 4 pages are simple profit and loss sheets that a novice could use to explain their income. The best way is to use your bank statements to prove the deposits and expenses.

The first two sheets are filled out as an example. The second two sheets are blank and for your use if needed.

The P&L sheets must match the amount from your statements.

The easiest way to show the bank is by placing on the first page of your bank statement in an open space preferably under name and address and above the beginning of actual statement the income information.

**Patel Yellow Horse DBA Lawn Care By Patel**

**11 Wall Street**

**New York NY 10005**

**Total Biz Deposits March \$2,500.00**

**Total Biz Expenses March \$350.00**

**Period March 1<sup>st</sup> – March 31<sup>st</sup> 2012**

This is the amount that you will place on your Monthly profit and loss statement along with your name, business name signature and date.

**Most people that receive a 1099 their expenses will be ZERO (o)** as all of the income will be considered household and not business.

**REMEMBER .....ONLY BUSINESS EXPENSES AND DEPOSITS.....**

The next step is to circle the deposit amounts and label them accordingly.

You will do the same with the expenses. Try to be as uniform as possible. We know that sometimes you may have deposited other income with your self employed income. We also know you may have done the same with an expense.

Explain it in the comments section if needed and also break it down on the labeling within your bank statements

Deposit 3/3/12	<u>(BD) Biz Deposit</u> →	<u>\$1,100.00</u>	
Withdrawal 3/3/12	<u>(BE) Biz Expense</u> →	<u>\$125.00</u>	
Withdrawal 3/5/12		\$50.00	
Withdrawal 3/7/12		\$60.00	
Deposit 3/15/12	<u>BD \$750.00</u> →	<u>\$900.00</u>	<u>\$150 found on street</u>
Withdrawal 3/17/12		\$150.00	
Deposit 3/18/12	<u>BD</u> →	<u>\$500.00</u>	
Withdrawal 3/18/12	<u>BE</u> →	<u>\$125.00</u>	
Withdrawal 3/24/12		\$75.00	
Chargeback 3/24/12		\$25.00	
Deposit 3/24/12		\$80.00	

This may be a lot of work but it is well worth it in order to insure the banker, lender, servicer or investor understands your income.

They need every page of the statement in numerical order even if it is blank or has the bank info, addresses, fax numbers, locations etc....

**They prefer 6 months and in some cases a year's worth**

# Income Profit & Loss Monthly

**Name** Patel Yellow Horse **Business Name** Lawn Care By Patel

**Month** March **Year** 2012

**Total Gross Income** \$2,500.00 **After Expenses Net** \$2,150.00

Expense \$125.00 Type Quarterly license fee

Expense \$150.00 Type lawn mower gas

Expense \$50.00 Type flyers

Expense \$25.00 Type hedge cutter rental

Expense \$100.00 Type hedge cutter

Expense \$25.00 Type Gloves

Expense \_\_\_\_\_ Type \_\_\_\_\_

Expense \_\_\_\_\_ Type \_\_\_\_\_

Expense \_\_\_\_\_ Type \_\_\_\_\_

Expense \_\_\_\_\_ Type \_\_\_\_\_

Expense \_\_\_\_\_ Type \_\_\_\_\_

Expense \_\_\_\_\_ Type \_\_\_\_\_

**Mthly Expenses** \$350.00 **Business Type** Lawn Care

**Comments:** My yearly license fee is \$500.00 paid quarterly. I had to purchase a new hedge cutter as the old one was stolen or misplaced.

Signature Patel Yellow horse Date 8-24-2012

Signature \_\_\_\_\_ Date \_\_\_\_\_

# Income Profit & Loss By Period

<b>Name</b>	<u>Patel Yellow Horse</u>	<b>Business Name</b>	<u>Lawn Care By Patel</u>		
<b>Starting Mth / Yr</b>	<u>Mar-12</u>	<b>Ending Mth / Yr</b>	<u>Aug-12</u>		
<b>Total Gross Income</b>	<u>\$13,600.00</u>	<b>Total Net after Expenses</b>	<u>\$12,450.00</u>		
Mth / Yr	<u>Mar-12</u>	Income	<u>\$2,500.00</u>	Expense	<u>\$350.00</u>
Mth / Yr	<u>Apr-12</u>	Income	<u>\$2,500.00</u>	Expense	<u>\$150.00</u>
Mth / Yr	<u>May-12</u>	Income	<u>\$2,200.00</u>	Expense	<u>\$150.00</u>
Mth / Yr	<u>Jun-12</u>	Income	<u>\$2,100.00</u>	Expense	<u>\$200.00</u>
Mth / Yr	<u>Jul-12</u>	Income	<u>\$1,800.00</u>	Expense	<u>\$150.00</u>
Mth / Yr	<u>Aug-12</u>	Income	<u>\$2,500.00</u>	Expense	<u>\$150.00</u>
Mth / Yr	_____	Income	_____	Expense	_____
Mth / Yr	_____	Income	_____	Expense	_____
Mth / Yr	_____	Income	_____	Expense	_____
Mth / Yr	_____	Income	_____	Expense	_____
Mth / Yr	_____	Income	_____	Expense	_____
Mth / Yr	_____	Income	_____	Expense	_____
<b>Total Gross Income Period</b>	<u>\$13,600.00</u>	<b>Summary of Monthly AVG Income used</b> Gross = <u>\$2,266.00</u> Net = <u>\$2,075.00</u> Please use this amount for budgeting etc			
<b>Total Expenses Period</b>	<u>\$1,150.00</u>				
<b>Ttl Gross Divided by Months</b>	<u>\$2,266.00</u>				
<b>Ttl Net Divided By Months</b>	<u>\$2,075.00</u>				
		<b>Business Type</b>	<u>Lawn Care</u>		
<b>Signature</b>	<u>Patel Yellow Horse</u>		<b>Date</b>	<u>8-24-2012</u>	
<b>Signature</b>			<b>Date</b>		



# Income Profit & Loss Monthly

Name \_\_\_\_\_ Business Name \_\_\_\_\_

Month \_\_\_\_\_ Year \_\_\_\_\_

Total Gross Income \_\_\_\_\_ After Expenses Net \_\_\_\_\_

Expense \_\_\_\_\_ Type \_\_\_\_\_

Expense \_\_\_\_\_ Type \_\_\_\_\_

Expense \_\_\_\_\_ Type \_\_\_\_\_

Expense \_\_\_\_\_ Type \_\_\_\_\_

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Expense \_\_\_\_\_ Type \_\_\_\_\_

Expense \_\_\_\_\_ Type \_\_\_\_\_

Mthly Expenses \_\_\_\_\_ Business Type \_\_\_\_\_

Comments Box \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

# Income Profit & Loss By Period

**Name** \_\_\_\_\_ **Business Name** \_\_\_\_\_

**Starting Mth / Yr** \_\_\_\_\_ **Ending Mth / Yr** \_\_\_\_\_

**Total Gross Income** \_\_\_\_\_ **Total Net after Expenses** \_\_\_\_\_

Mth / Yr \_\_\_\_\_ Income \_\_\_\_\_ Expense \_\_\_\_\_

Mth / Yr \_\_\_\_\_ Income \_\_\_\_\_ Expense \_\_\_\_\_

Mth / Yr \_\_\_\_\_ Income \_\_\_\_\_ Expense \_\_\_\_\_

Mth / Yr \_\_\_\_\_ Income \_\_\_\_\_ Expense \_\_\_\_\_

Mth / Yr \_\_\_\_\_ Income \_\_\_\_\_ Expense \_\_\_\_\_

Mth / Yr \_\_\_\_\_ Income \_\_\_\_\_ Expense \_\_\_\_\_

Mth / Yr \_\_\_\_\_ Income \_\_\_\_\_ Expense \_\_\_\_\_

Mth / Yr \_\_\_\_\_ Income \_\_\_\_\_ Expense \_\_\_\_\_

Mth / Yr \_\_\_\_\_ Income \_\_\_\_\_ Expense \_\_\_\_\_

Mth / Yr \_\_\_\_\_ Income \_\_\_\_\_ Expense \_\_\_\_\_

Mth / Yr \_\_\_\_\_ Income \_\_\_\_\_ Expense \_\_\_\_\_

Mth / Yr \_\_\_\_\_ Income \_\_\_\_\_ Expense \_\_\_\_\_

**Total Gross Income Period** \_\_\_\_\_

**Total Expenses Period** \_\_\_\_\_

**Ttl Gross Divided by Months** \_\_\_\_\_

**Ttl Net Divided By Months** \_\_\_\_\_

**Summary of Monthly AVG Income used**

Gross = \_\_\_\_\_

Net = \_\_\_\_\_

Please use this amount for budgeting etc

**Business Type** \_\_\_\_\_

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

**Signature** \_\_\_\_\_ **Date** \_\_\_\_\_

The banks all have different ways of calculating income. When you are talking with your loss mitigation representative it is wise to have that person explain their particular method to save you some time.

We have found it easiest the last month of the year with the last paystub. You simply divide gross and net by 12

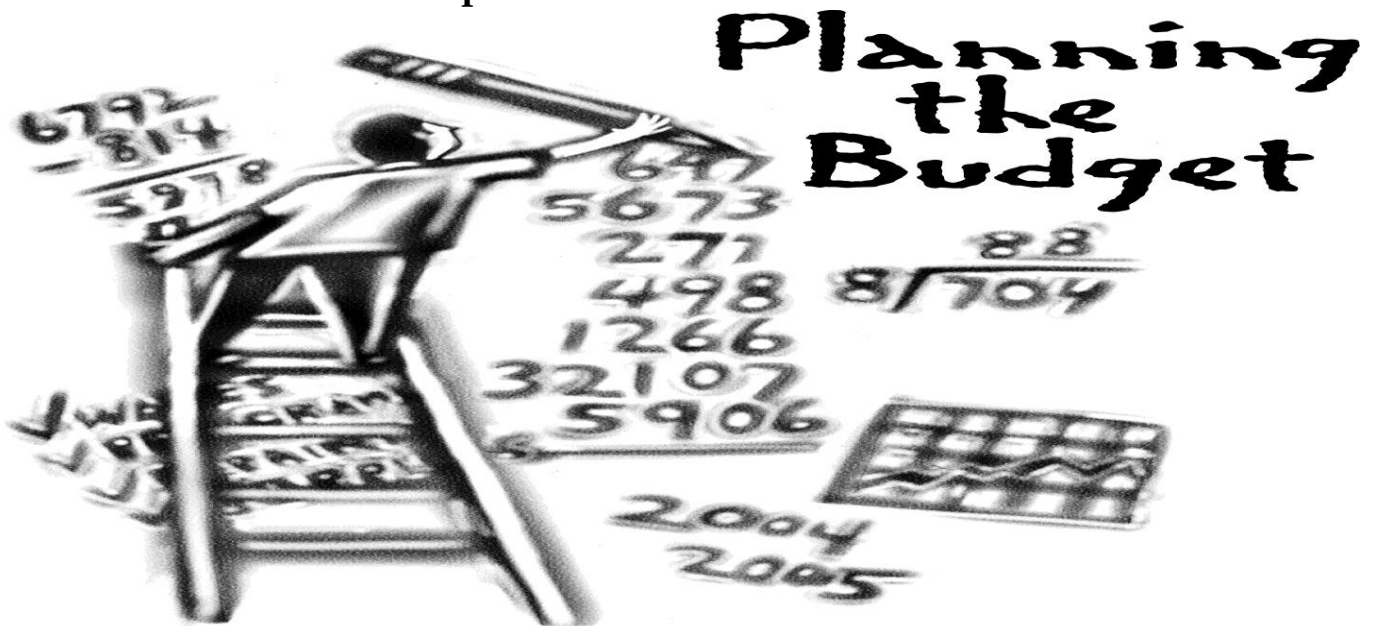
Gross \$65,000.00 / 12 equal monthly gross of \$5,416.00

Net \$58,000.00 / 12 equal monthly net of \$4,833.00

The banks have various ways of calculating the percentage of overtime, commissions, bonuses etc to adjust the numbers.

Remember get as much information as possible in regards to how your specific servicer does its math.....

The next pages will be examples of a complete budget and then we will move on to the next chapter...





The gross income and net income sections are taken from your math calculations. This budget is sufficient for a servicers, investors review....

Modification Budget (Expenses / Liabilities) pg1

Gross Income \$3,800.00      Net Income \$3,400.00

<b>UTILITIES</b>		<b>Budget</b>
Electricity		\$150.00
Gas		\$30.00
Water		\$25.00
Trash / Sewer		\$25.00
Cell Phone		\$150.00
Home Phone		\$0.00
Cable / Satellite		\$0.00
Internet		\$0.00
Bundle (cable/internet/phone)		\$125.00
Other		\$0.00
<b>TOTAL</b>		<b>\$505.00</b>

<b>Home</b>		
Groceries		\$300.00
Toiletries		\$25.00
Laundry / Cleaners		\$0.00
Clothing		\$50.00
Pet Food etc		\$15.00
Other		\$0.00
<b>Total</b>		<b>\$390.00</b>

<b>Transportation</b>		
Gas / Fuel		\$300.00
Stickers / Plates / Taxes (Tags)		\$12.00
Preventive Maintenance		\$15.00
Inspections		\$0.00
Tolls		\$0.00
Auto Insurance		\$110.00
Public Transportation		\$0.00
Other		\$0.00
<b>Total</b>		<b>\$437.00</b>

## Modification Budget (Expenses / Liabilities )

pg2

<b>Medical</b>		<b>Budget</b>
Co-Pays		\$25.00
Doctor Visits		\$0.00
Specialists		\$0.00
Dental		\$0.00
Medicine (prescriptions)		\$60.00
Disability Insurance		\$0.00
Other		\$0.00
<b>Total</b>		<b>\$85.00</b>

<b>Education</b>		
Tuition		\$0.00
Books		<b>\$0.00</b>
Supplies		\$0.00
School Uniforms		\$0.00
After School Programs		\$0.00
Other		\$0.00
<b>Total</b>		<b>\$0.00</b>

<b>Non Essentials</b>		
Alcohol		\$0.00
Cigarettes		\$0.00
Concerts		\$0.00
Sporting Events		\$0.00
Movies		\$0.00
Newspapers / Magazines		\$0.00
Fast Food		\$0.00
Restaurants		\$0.00
Memberships		\$0.00
Personal Care / Hair /Nails		\$0.00
Vacations		\$0.00
Cleaners		\$0.00
Church Giving / Tithes		\$40.00
Allowance		\$0.00
Other		\$0.00
<b>Total</b>		<b>\$40.00</b>

## Modification Budget (Expenses / Liabilities )

pg3

<b>Liabilities ( Credit Report )</b>	<b>Budget</b>
<b>Auto Loan ( AL 1 )</b>	\$125.00
AL 2	\$175.00
AL 3	\$0.00
AL 4	\$0.00
<b>Credit Card ( CC 1 )</b>	\$40.00
CC 2	\$25.00
CC 3	\$25.00
CC 4	15.00
CC 5	15.00
CC 6	10.00
CC 7	10.00
CC 8	0.00
CC 9	0.00
CC 10	0.00
CC 11	0.00
CC 12	0.00
<b>401k Debt Repay ( 401dr 1 )</b>	0.00
401k dr 2	0.00
401k dr 3	0.00
401k dr 4	0.00
<b>Student Loan ( SL 1 )</b>	0.00
SL 2	0.00
SL 3	0.00
SL 4	0.00
SL 5	0.00
SL 6	0.00
SL 7	0.00
SL 8	0.00
SL 9	0.00
SL 10	0.00
<b>Personal Loan ( PL 1 )</b>	0.00
PL 2	0.00
PL 3	0.00
PL 4	0.00
PL 5	0.00
PL 6	0.00
PL 7	0.00
PL 8	0.00
PL 9	0.00
PL 10	0.00
<b>Total</b>	<b>440.00</b>



Modification Budget (Expenses / Liabilities) pg4

Liabilities ( Credit Report )	Budget
Alimony	\$0.00
Alimony	\$0.00
Palimony	\$0.00
Palimony	\$0.00
Child Support	\$0.00
Child Support	\$0.00
Child Support	\$0.00
Child Support	\$0.00
1st Mtg	\$1,600.00
2nd Mtg	\$0.00
3rd Mtg	\$0.00
4th Mtg	\$0.00
5th Mtg	\$0.00
6th Mtg	\$0.00
Other	\$0.00
Other	\$0.00
Other	\$0.00
<b>Total</b>	<b>\$2,040.00</b>

**Total Expenses** \$1,457.00

**Total Liabilities Minus Mortgage** \$1,943.00

**Total Expenses / Liabilities** \$3,400.00

**Net Income After Deductions** \$0.00

1st Mtg	Citiwells America
Loan #	86753098675309
2nd Mtg	
Loan #	

**Current**

Principal	Interest	Taxes	Insurance	HOA	PMI/MIP	Other	Rate	Balance
\$246.58	\$1,053.49	\$200.00	\$100.00	\$0.00	\$0.00	\$0.00	7.25%	\$174,370.00

**Present Mortgage Payment** \$1,600.00

**Affordable Mortgage Pymnt** \$0.00

<b>Gross Income</b>	<span style="border: 1px solid black; padding: 2px;">\$3,800.00</span>
31% Of Gross	<span style="border: 1px solid black; padding: 2px;">\$1,178.00</span>
25% of Gross	<span style="border: 1px solid black; padding: 2px;">\$950.00</span>
21% of Gross	<span style="border: 1px solid black; padding: 2px;">\$798.00</span>

Signature \_\_\_\_\_ Date \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

The above budget is available on the excel spreadsheet and will automatically calculate the values.

The affordable mortgage payment is the amount you have left over after all expenses and liabilities are subtracted from your net income.

The only liability from your credit report that will not be calculated as a deduction is the first and second mortgage etc...

The above example shows that this person has no income left after all deductions. In most cases they will be considered for a 3-6 month \*forbearance plan. (\*GOOGLE)



A forbearance plan is used when you don't have enough income and the bank lowers your payments a set number of months in hopes of your income increasing and stabilizing.

The difference in the forebeared payment and original payment will be added back into the principal as well as the balance of the previous payments that were missed.

EX.

Actual Payment = \$1000.00 Forebeared Payment \$800.00 for 3 months.

\$600.00 is the amount owed after 3 payments. Borrower missed total of 10 full payments. \$10,600.00 added to principal and modification based on new principal amount following waterfalls.....

## Chapter 6. Waterfalls



What are waterfalls?

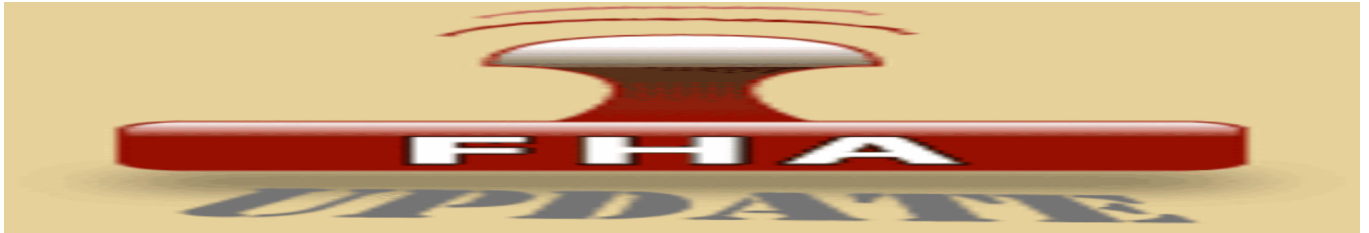
Waterfalls are the various methods banks use to assist you with an affordable payment. I have included the typical order the banks and investors go by to insure their bottom line remains at least a bit in the black. (Positive)

1. Capitalize Arrears ( adds all back payments and penalties to principal balance )
2. Reduce Interest Rate (reduces rate in hopes of new principal being affordable with lower rate.)
3. Increase Term ( Add years to the mortgage to reach 30 or 40 depending on investor or servicer guidelines )
4. Reduce (Forbear / Forgive) Principal ( lower the capitalized principal by industry standard of up to 30% to reach closest market value )

The servicers / investors can use all of these methods or a combination of them to assist you with an affordable payment. There are many trains of thought that say one may be better than the other but the truth of the matter is that as long as your payment is affordable and it aligns with your long term goals.....Go For It.....



## Chapter 7: Insurers & Investors



Federal Housing Authority – FHA. Many people are under the false assumption that FHA is an investor. FHA is an insurer and will insure the home's value up to a percentage. When a homeowner defaults the bank, servicer, or investor that entity will be insured for their loss.

The borrower usually pays a periodic or upfront Mortgage Insurance Premium (MIP) that assists the FHA in times of borrower default if the home is beyond modification, refinance or a sale where the proceeds are sufficient enough to satisfy the debt.

Most banks depending on the area you live, amount of equity you have, how long you have paid on time, may opt to fight for foreclosure if the insured amount they will receive would offset a true loss.

One way to combat this is by having a complete modification packet with all U.S Treasury guideline docs correct with a bona-fide hardship and true income documentation. It does not matter who your servicer is as long as your documentation is correct. Many homeowners have a hard time because of their lack of industry knowledge and experience in the person assigned to their account.

If everything is reviewed and you qualify for a HAMP modification you must complete a trial payment plan by making three payments on time. If you miss or are late on any of those payments you are no longer eligible for an FHA-HAMP mod. The bank can then offer if available an in-house modification program as a last resort.



**Veterans Affairs – VA.** VA is also an insurer and follows the same guidelines that are used in FHA HAMP modification assistance. The VA Regional Loan Center at 877 827-3702 or the website [www.homeloans.va.gov](http://www.homeloans.va.gov) will be able to assist you with more in depth information on their programs.

A standard HAMP modification consists of 4 steps that must be completed in sequence.

1. Capitalization
2. Interest Rate Reduction
3. Term Extension
4. Principal Forbearance

Remember HAMP is trying to reach 31% of your gross income to show affordability.

In some cases this scenario is perfect. In other cases 31% of your gross income is far below what a servicer will need to make your loan work for both you and its stockholders.

# Ginnie Mae – Insurer: Government National Mortgage Association



Ginnie Mae insures loans and are pools of loans securitized as mortgage backed securities. They follow FHA guidelines and are made up of more first time homebuyers and low income borrowers.

GNMA is a U.S. Government Corporation within HUD. The mortgages that are created and passed through them to investors are backed by the full faith and credit of the U.S government. (Have you seen the governments credit report?)

So basically this is how it works: When you apply for a mortgage and you are a first time homebuyer or are of low to moderate income the lender may use the guidelines set forth by Ginnie Mae to approve you. This will allow the lender to sell your loan on the secondary market to insure it has other income to loan to new housing borrowers.

If you are interested in finding out more about GNMA and how it works the below video should assist you.

<http://fms.ginniemae.gov/gnma2.html>

The official website is

<http://ginniemae.gov/pages/default.aspx>





An investor is simply an entity or person who owns your loan. Fannie Mae and Freddie Mac are both investors as well as your bank and overseas organizations in some cases. It is very important that you find out who the investor of your loan is. Investors are like a parent. If you tell your child not to let anyone in they of course you hope will not let anyone in. If a person insists the child (Servicer or bank you make your payments to) has to contact the parent (Investor) for approval. The parent of course can override the restrictions set forth that the child must follow.

The website used to find out if Fannie Mae is your investor is below.

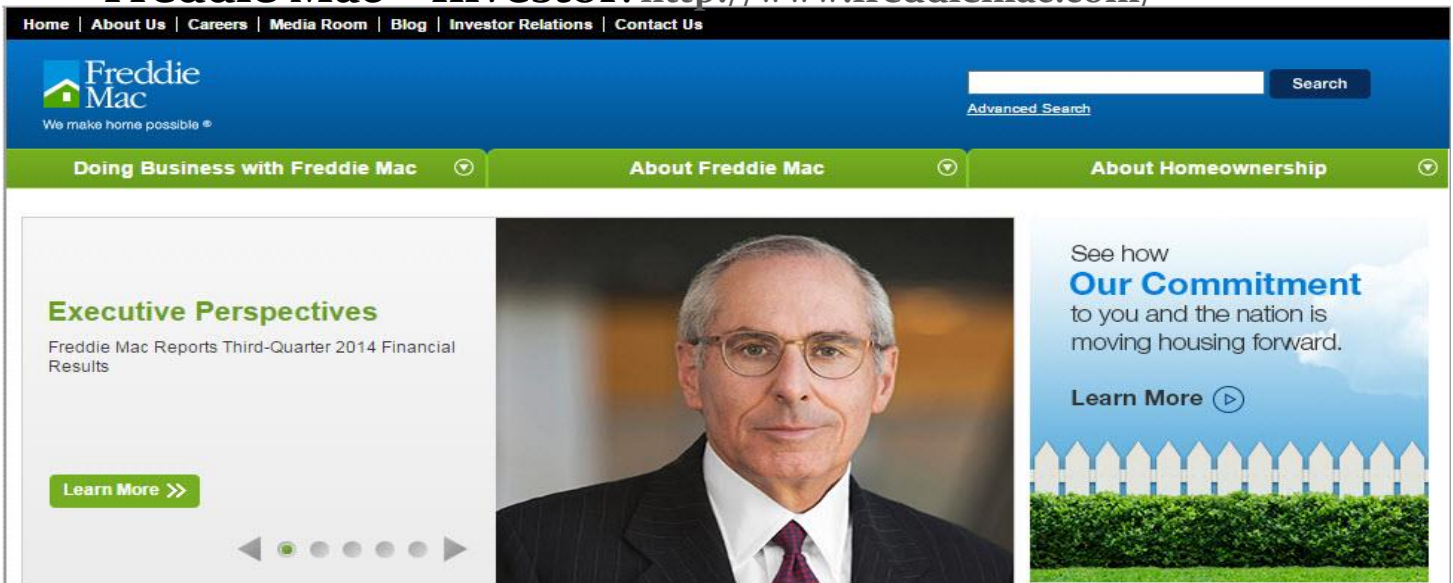
<https://knowyouroptions.com/loanlookup>

Fannie Mae follows the standard waterfall from chapter 6 and in some cases will work out better for you when it comes to a payment that you can afford. The servicer (bank or entity that you make your payment to) is always the first step in submitting your file for a modification. Fannie Mae will update their guidelines to assist you from time to time. The following link goes more in depth about their standard modification assistance.

[https://www.fanniemae.com/content/job\\_aid/implementing-standard-modifications.pdf](https://www.fanniemae.com/content/job_aid/implementing-standard-modifications.pdf)

This website will insure after studying that you can become an expert in the proper submittal and forms used if you need to have your file escalated.

## Freddie Mac – Investor: <http://www.freddiemac.com/>



Freddie and Fannie are like brothers and sisters when it comes to the guidelines they follow for assistance. They are very similar. In order to determine if your home is owned by Freddie Mac visit the website below.

<https://ww3.freddiemac.com/loanlookup/?intcmp=LLT-HPstep1>

Remember, the servicer is always the first to go through for a modification. In some cases Fannie and Freddie will reach out to you after you are 91 days into delinquency. In cases such as that it is ok to go through them as technically they are the parent (Investor) of your loan. They also have provided a set of rules if you need to go more in depth into their process.

[http://www.freddiemac.com/learn/pdfs/service/std\\_strm\\_mod.pdf](http://www.freddiemac.com/learn/pdfs/service/std_strm_mod.pdf)

Fannie and Freddie own at least 50% of all mortgages today. Many people still have no idea of what Fannie and Freddie were designed to do. The below article will shed a bit of light upon that subject.

<https://www.americanprogress.org/issues/housing/report/2012/09/06/36736/7-things-you-need-to-know-about-fannie-mae-and-freddie-mac/>

# Banks and Private Investors



They make up the majority of the mortgages left and your present servicer knows who they are. This information is needed once you have been denied for no apparent reason. In most cases you will have to send in a “Qualified Written Request”. I have provided an example that you may use on the next page.

Some servicers have what is called “Delegated Authority” which means that they have the power to make the decisions the parent (Investor) have provided. If your servicer has this authority the investor has already allowed them to offer you their final terms in assistance.

Some people may have their mortgage serviced by Bank of America but the owner (Investor) may be Wells Fargo. Some investors may also be the servicer but they are different departments. This means if Citibank is the servicer (who you pay) and also the owner (Investor) you will have to submit an additional file to the investor if the servicer denies you for no logical reason. (Yes, of course that is illogical but remember you are working with the financial system)

Some investors are from different countries that invest in mortgage backed securities and will not allow a modification beyond what the servicer provides. There are many reasons with incorrect or expired paperwork being submitted as number one that you may have a hard time reaching a solution.

We can help you with that.



**Qualified Written Request - Section 6 of the Real Estate Settlement Procedures Act (RESPA).**

I \_\_\_\_\_ currently have a mortgage loan being serviced with your firm. I am requesting in writing information on whom the investor of my loan is.

The following information contains the details of my loan.

Loan number \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

Zip Code \_\_\_\_\_

I am requesting the information on who is the investor of my loan and this letter serves as the Qualified Written Request.

Borrower Printed Name \_\_\_\_\_

Borrower Signed Name \_\_\_\_\_

Last 4 (SS) \_\_\_\_\_

Date \_\_\_\_\_

Co-Borrower Printed Name \_\_\_\_\_

Co-Borrower Signed Name \_\_\_\_\_

Last 4 (SS) \_\_\_\_\_

Date \_\_\_\_\_

I understand that under Section 6 of RESPA you are required to acknowledge my request within 30 days of receipt.

## Chapter 8 - Most Common Denial Reasons

1. Current and affordable.
2. Current without a hardship
3. Incorrect, missing or outdated paperwork
4. Not enough income to support a payment
5. Someone else owns the home
6. You moved out of the home
7. More than enough money in the bank to become current
8. Spouse will not sign off on paperwork
9. Has owned home less than a year
10. Has received multiple modifications in the past
11. Has defaulted on a trial payment
12. Hardship not permanent and no imminent default present
13. Missed too many payments
14. Investor does not allow modifications.
15. Representative inputting incorrect information
16. Lack of knowledge of reviewers
17. Homeowner gives up.

The denial reasons are endless but the key is patience and looking into other forms of becoming current.

## Chapter 9 - Options after sale.



Well lets face it, sometimes no matter how hard you have tried or how well the paperwork was prepared you still may have to use your plan B. So let us explore a couple of options.

In some cases an investor may purchase your loan. If the investor has purchased your home for a lot less than the bank was willing to offer you they may want to just resell it.

They may just want to rent it out before re-sell. The investor will likely send a realty agent over to handle things as they may be from out of town. The realty agent will have a simple plan that the investor wants to carry out but investors are open to things that make sense.

Money makes sense to investors. Remember that budget you prepared for the bank. Do you think that you could provide that budget showing your affordability getting the investor to perhaps lease with option to purchase within 3 years allowing you to find financing after the required two for a foreclosure.

We have many options that you can share to get back on your feet. You may want to contact us for those options if you are facing a plan B.



# Chapter 10 – Checklist & Websites

## **1. 30 days of income**

(Last two paystubs if paid bi-weekly or semi-monthly)

(Last 4 paystubs if paid weekly)

(Last paystub if paid monthly)

(SSI, Disability, Retirement, Unemployment, Child Support Court Docs etc ..**AWARDS LETTER**)

(SELF EMPLOYED/1099/cash for services - Profit & Loss Statements, 6 months bank statements)

(Room / Lease / Rental Agreements signed & dated with amount receiving)

(Contribution Letter from household member with amount given along with income proof noted above for any contributor)

## **2. 3 months bank statements all accounts (all pages even if blank or with bank contact info)**

## **3. Mortgage Statement**

## **4. Property Tax Bill**

## **5. Property Insurance Declaration Page(s)**

## **6. Home Owners Association / Condo Fee Bill**

## **7. Previous Years tax returns all pages (2 years if before May 15th)**

## **8. Utility Bill**

## **9. 4506T form (if filled out incorrectly can hold up file for months)**

## **10. Hardship Letter (RMA = Request Modification Affidavit)**

## **11. Household Budget / Credit Report and liabilities included from report**

## **12. Dodd - Frank**

## **13. Any docs received from servicer / lender / bank / investor /hospitals /employers / courts.**

**Number 9 through 12 are the docs closely associated with the servicers guidelines and should be 100% correct with no mistakes and cross outs.**

# Helpful Websites

[www.kenBIGblake.com](http://www.kenBIGblake.com)

[www.annualcreditreport.com](http://www.annualcreditreport.com)

[www.hud.gov](http://www.hud.gov)

<http://pugahome.tripod.com/allbanks.htm>

<http://www.makinghomeaffordable.gov/>

<http://www.irs.gov/>

<https://studentloans.gov>

<http://www.socialsecurity.gov/>

I am sure you may be able to find more websites that are specific to your situation. The key is to continue to learn, ask questions and find people that you can trust to guide you along the way.

This manual is but a bit of ever changing information to at least give you a basic knowledge of what it takes to receive a modification.

I work with many experts in financially related industries that call upon me as well as I them when needed to solve a challenge. I hope that I can assist you in yours.....

**Ken BIG Blake**

<p><a href="http://www.kenBIGblake.com">www.kenBIGblake.com</a></p> <p>312 376-8283</p> <p><a href="mailto:kenBIGblake@blakeinvestmentgroup.com">kenBIGblake@blakeinvestmentgroup.com</a></p> <p>Where Strategy Meets Action</p>	<p>Foreclosure Prevention / Modification Expert</p> <p>Home Purchase &amp; Investment Property Consultant</p> <p>Family Wealth Advisor</p> <p>Business &amp; Life Coaching Consultant</p> <p>Credit Repair &amp; Business Budgeting Expert</p> <p><a href="http://www.kenBIGblake.com">www.kenBIGblake.com</a></p>
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**Know anyone looking to save their home?**

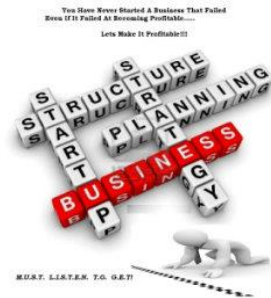
**Know anyone interested in purchasing a home or investment property?**

**Know anyone looking to earn extra income?**

Never let your circumstances today dissuade you from a future that can be brighter tomorrow.....Ken BIG Blake



Think Differently!  
Explore Options!  
Earn Extra Income!



Training that incorporates your passions