

How to talk with your lender about loan modification

Hopefully you are calling your lender(s) as soon as you realize you are going to be late on your payments and taking action early on.

Whenever you are talking to your lender it will pay to be organized and to have your pertinent information at hand. We recommend you start by completing our borrower lender application online or downloading it and having it at hand whenever you contact you lender.

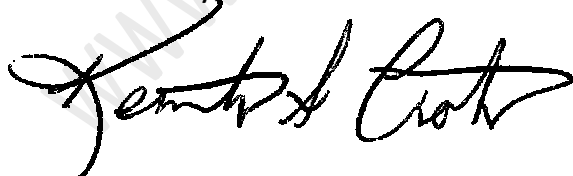
1. Have your loan number, lender information, their phone number, and your social security number on one sheet so easy to find.
 - a. If you are seeking a loan modification, a short sale or any concession from the lender, they are going to require a financial package to determine your eligibility. You can download a free one at www.KingCountyHomeSolutions.com or fill it in online and print it. Having this information completed and at hand whenever you sit down to make the calls, it will save you the time and energy of waiting for them to send you one, and will move the process along faster.
2. Keep notes on your conversations and who you are talking to, the date and the time. They are keeping notes and so should you. Organized note pages are available on our site.
 - a. Throughout the process you will find different individuals giving different and often conflicting information.
3. Be prepared to wait on hold for 30 minutes to an hour each time you call. They will sometimes send you to full voice mail boxes, just hang up or send you to the wrong department. Keep calling.
4. Determine which department you need to be talking with. You may be getting calls from the collection department while you are negotiating with the loss mitigation department. Each one being unaware of each other's contact with you.

- a. Once you get a hold of someone in that department, get the direct number so you can avoid going through the switchboard in the future.
 - b. You will also want to collect email addresses and direct fax numbers.
5. When you get to the right dept you can now start a conversation with someone who has the access to the right information. Gather all contact numbers, fax numbers, emails etc so that you can communicate in multiple ways to get the best results.
 - a. For the most part, it takes time, determination and tenacity to get the information I mentioned above. They do not want to give it out. They will always walk you through a series of questions about your loan and your status to pay that loan. Be prepared to be vague. They type everything.
6. Remember, the banks are acting as debt collectors. Their whole objective is to intimidate you until they get more money. It is not always in the best interest of all parties including the banks, but it is what they are ultimately after.
7. With any kind of request to modify the terms of your loan you are going to have to qualify. Having our financial packet completed ahead of time will help. If your lender thinks you don't make enough money to afford a modified mortgage -- even if it dramatically reduced the interest rate or extended the loan -- they will only offer you a way to catch up on your existing loan.
8. These catch-up plans will not lower, and can even increase, your payments:
 - a. **Forbearance** will allow you to make partial or no payments for a few months -- but you'll be expected to make up the difference later plus penalties.
 - b. **Reinstatement** lets you catch up on any missed payments and pick up paying your monthly obligation as before.
 - c. **Revised repayment plans** add missing payments to future payments on a prorated basis -- plus interest. The increased payments can be paid back over a period of time until you are current.
9. As you might expect, most borrowers given a catch-up plan quickly default because they still can't afford the payments and, unfortunately, lenders have been more likely to offer catch-up plans than modified mortgages.

10. The lender is going to offer you the alternatives that are best for them in order from best to worst. Their first offer will likely be forbearance, the revised payment plans, then extended terms from 30 to 40 years, then lower interest rate and so on. Each successive offer is going to be accompanied by statements like "this is the best we can do", "that's all I can offer you". The difficult part is knowing whether that is a true statement or not. If you call their bluff you may find that that was it. I have seen it go both ways.
11. The key is to continually work to get your file escalated to the next level. There may be 3 -5 pre-negotiation levels and 2-4 levels of negotiators at the bank. Each one is charged with settling out as many of their files as possible for as little loss as possible before it moves to the next level. You are going to have to determine if the person you are negotiating with has the authority to grant you what you need or if your goal is just to get through them to get to the next level.
12. Keep in mind that to the banks this is just a process. The process is designed to maximize their benefit which is usually to your detriment. The process is long and arduous by design and you will be in the dark as to what they are thinking, what they are actually willing to do, and when you are actually close to resolving your lender issues. This is where you need to be tenacious and determined in your resolve to get an acceptable conclusion.

In our experience the only thing that really works is having a never quit attitude and never accepting anything less than success when dealing with the lenders. Do not allowing them to intimidate you into accepting less than an acceptable solution. Keep dialing, keep smiling and good luck! We hope this insight on how to talk to your lender proves invaluable. Please share your successes with us. We love to hear of homeowners stories about how they succeeded with their lenders.

Sincerely,



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