

Tips to Move Along Your Mortgage Modification



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If you have fallen behind on your mortgage payments, whether the cause was a loss of employment, increase in expenses, an illness, or other hardship, it is likely that you are familiar with the process known as the HAMP loan modification review.

Some lenders are delightful to work with when you find yourself in such a situation. However, if your lender has been uncooperative, or you feel like you have been given the run-around while your lender allegedly reviews your loan for modification, you should first visit the Home Affordable Modification Program website at www.makinghomesaffordable.com to find out if you are eligible for the program. Sometimes, lenders will have you running in circles, sending them documentation and affidavits, but what they fail to tell you is that you do not qualify for the program based on the preliminary criteria. This wastes valuable time you could be using to hire an attorney to defend your foreclosure action or to negotiate a deed-in-lieu of foreclosure. You also could have used that time to list your home with a realtor and

attempt to complete a short sale, or as a final resort, to find suitable alternate housing for yourself and your family in case a foreclosure action is completed.

Unfortunately, borrowers have no legal right to a loan modification and lenders do have the right to foreclose in the event of default. However, if your lender has refused to accept payments and has caused default interest and penalty fees to accrue while dragging out the process in bad faith, an attorney can assist you in negotiating a settlement or taking appropriate action through the legal system. In the meantime, if you are behind on your mortgage payments and you are trying to participate in a loan modification, the following tips may be helpful:

1) Each time the lender requests a new document, send it promptly by certified mail, return receipt requested, along with a dated cover letter indicating exactly what you are sending, and make sure to keep a copy. That way, when the lender asks for the same document again a few weeks later, claiming never to have received it, you have the cover letter and the proof of receipt to show that you indeed sent it already, and it was signed for by a representative of the lender.

2) Most modification programs use thirty-one percent (31%) of your income as the guideline for a modified monthly payment, if your loan is ultimately modified. As such, we strongly advise our clients to open a separate bank account to put thirty-one percent of their monthly income into each month, and not to touch it until the lender has made its final determination as to eligibility for a loan modification. That

bank statement is a very helpful tool to show the lender that you can clearly afford a modification as you have been putting that amount aside each month.

3) Write down the full name of the representative, his or her extension number, and the time and date of every call you have with the lender, including notes as to what transpired during that call and what you were told or advised to do by the lender's representative. This log will be extremely important to an attorney in formulating a complaint against the lender, if necessary.

4) Make sure every document you submit to the lender is signed and dated on each page, and that tax

returns are signed and dated in all the appropriate places therein, or the lender will return the documents and have you send them again, wasting more valuable time.

5) If you are self-employed, a three-month profit and loss statement will be requested. Make sure to clearly indicate if your business is seasonal, so the lender does not use your best or worst three months as an indicator of your average monthly income. Also, make sure you clearly indicate if you only own a percentage of the business, or the lender will likely attribute all of the income on the profit and loss

statement to you.

While the above should be helpful to facilitate a smoother review process, it merely includes general guidelines and cannot be a substitute for legal advice specific to your case. Thus, the best advice I can give is to contact an attorney immediately. Too often, we get calls from individuals whose homes are in foreclosure and who have been attempting to apply for a loan modification for months, or even years. These persons may have had valid cases, or whom we may have likely been able to assist had they called us just a few months sooner.

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