

Loan Modification: Save your house and your credit

As the foreclosure crisis continues to make headlines across the country, many homeowners are wondering how they can avoid foreclosure and save their homes and credit ratings.

One option offered by mortgage lenders and servicers is a loan modification. A loan modification is a permanent change in the mortgage contract, agreed upon by both the lender and the borrower. A modification is often requested when monthly payments become a hardship for the homeowner.

Today the loan modification is receiving increased attention because of the national foreclosure crisis. Cited as an action lenders are taking to enable borrowers to stay in their homes, a loan modification is a viable option for homeowners facing foreclosure, including those who have fallen behind, or are likely to fall behind on their payments due to adjustable rate mortgage resets, or due to job loss, divorce, unexpected medical expenses, or the death of a household contributor.

How can I request a loan modification?

Begin the process by contacting one or all of the following organizations.

1. **Call your lender.** Begin the process by calling your lender and asking for the department dedicated to home retention or homeownership preservation.

2. **Speak to a HUD-certified housing counselor.** Call your local NeighborWorks® organization and schedule an appointment for a face-to-face meeting with a HUD-certified housing counselor. To find a NeighborWorks® organization in your area, visit www.nw.org.

3. **Call the HOPE™ Hotline: 888-995-HOPE(4673).** If you are uncomfortable calling your lender or meeting someone face-to-face initially, call 888-995-HOPE to receive counseling from a HUD-certified housing counselor over the phone, 24 hours a day, seven days a week, in English or Spanish.

I've begun the application process, what can I do now?

Regardless of whether you contact your lender or a counselor, be prepared to explain why you are requesting a loan modification, and to discuss your financial situation, including your current loan, income, expenses, debts, and more. Once you officially begin the loan modification application process, be prepared to disclose the related documents. Sharing this information is imperative to beginning the process on the right foot and will more likely lead to a successful outcome.

Think of this as your HOME Strategy that will guide you throughout the process. In order to be successful you must be:





- **Honest:** Be honest with your lender, counselor, and yourself about the situation.
- **Open:** Help your counselor and your lender help you by providing all of the information requested
- **Motivated:** Get motivated. Submit records, information and other items requested on time.
- **Earnest:** Treat saving your home and credit as your top personal finance goal. In order to save your home and your credit, you must be persistent in pursuit of your goal.

For more information, visit www.nw.org or call your local NeighborWorks® organization.

