



Loss Mitigation Trends and Tips

OCTOBER 3, 2017



Current Trends

- ◆ Modifications are now a mixed bag
- ◆ Depends on the type of loan and investor
- ◆ In general, the trend seems to be:
 - ◆ 30 or 40-year term
 - ◆ Market interest rate (now about 4.0%)
 - ◆ May include principal deferral (especially if home is underwater)
 - ◆ May or may not take affordability (DTI ratios) into consideration
 - ◆ GSE Flex Mods are part of this trend

Other Trends

- ◆ Five-year interest-only modifications from Caliber
- ◆ Some modifications include large balloons
 - ◆ Usually caused by extending the amortization without extending the maturity date
 - ◆ Payments may be affordable
 - ◆ Short-term fix with longer-term consequences
- ◆ Other trends?

Assessing Options

- ◆ Questions to ask
 - ◆ Does your client want to keep their property?
 - ◆ How far along are they in the foreclosure process?
 - ◆ If sale date is scheduled, contact legal services ASAP
 - ◆ What does your client feel that they can afford?
 - ◆ Can your client increase their income if necessary?
 - ◆ What type of loan does your client have?
 - ◆ Was the loan modified in the past?
 - ◆ If they had a good modification, is it best to use MAP to bring them current?

Assessing Options

- ◆ What kind of loan is it?
 - ◆ Fannie Mae: <https://www.knowyouroptions.com/loanlookup>
 - ◆ Freddie Mac: <https://ww3.freddiemac.com/loanlookup/>
 - ◆ FHA
 - ◆ Look it up on ACRIS (look for FHA case number on mortgage)
 - ◆ Look for mortgage insurance premium (MIP) on mortgage billing statement
 - ◆ Ask the servicer
 - ◆ Mortgage-backed security or private investor
 - ◆ Look it up on ACRIS

Assessing Options

The screenshot shows a web browser window with the URL `a836-acris.nyc.gov/CP`. The page header identifies the user as being in the "New York City Department of Finance Office of the City Register" and displays the title "Automated City Register Information System". A navigation bar includes "MAIN OPTIONS" and a "HELP" button. A yellow alert box at the top center reads: "Receive an alert when the City Register records a document related to your property. Register for the Recorded Document Notification Program." Below this, a large, faint watermark of the City of New York seal is visible in the background. The main content area lists several service options, each with a horizontal line underneath: "Search Property Records", "Find Addresses and Parcels" (highlighted with a grey background), "Apply for Personal Exemptions", "Create Tax Forms / Create Cover Pages", "Calculate Taxes / Fees", and "Electronic Data Services". The Windows taskbar at the bottom shows the search bar, several application icons, and the system clock displaying "12:41 AM 10/2/2017".

Assessing Options

The screenshot shows a web browser window with the URL `a836-acris.nyc.gov/CP/LookUp/Index`. The page header identifies it as the 'New York City Department of Finance Office of the City Register'. The main content area is titled 'Lookup' and contains two radio-button options:

- Property Address:** This option is selected. It includes a text box for instructions: 'If you know the property address, complete the fields below and press "Find BBL" to find the Borough/Block/Lot of the property. Address fields indicated by an asterisk (*) are required. If an address is found, the fields in the Property Borough/Block/Lot section will be populated.' Below this are input fields for 'Borough/County' (dropdown menu with 'BROOKLYN / KINGS' selected), 'Street Number' (text box with '621'), 'Street Name' (text box with 'DEGRAW STREET'), and 'Unit' (empty text box).
- Property Borough/Block/Lot:** This option is unselected. It includes a text box for instructions: 'If you know the Borough, Block and Lot of the property, complete the fields below and press the "Find Address" button to find the address of the property. Fields indicated by an asterisk (*) are required. If the BBL is found, the fields in the Property Address section will be populated.' Below this are input fields for 'Borough/County' (dropdown menu), 'Block' (text box), and 'Lot' (text box). A 'Find BBL' button is located below these fields.

At the bottom of the page, there is a 'MAIN OPTIONS' button and a footer with links: 'Go To: Finance Home Page | NYC.gov Home Page | Contact Us | Privacy Policy | Terms of Use'. The Windows taskbar at the bottom shows the search bar, system tray, and various application icons. The system clock indicates the time is 12:43 AM on 10/2/2017.

Assessing Options

The screenshot shows a web browser window with the URL `a836-acris.nyc.gov/CP/LookUp/Index`. The page header identifies it as the New York City Department of Finance Office of the City Register. The main content area is titled "Lookup" and contains two radio-button options for searching property information. The first option, "Property Address:", is selected and includes instructions and input fields for Borough/County (dropdown), Street Number, Street Name, and Unit. The second option, "Property Borough/Block/Lot:", includes instructions and input fields for Borough/County (dropdown), Block, and Lot. A "Find BBL" button is located below the second option, and a "Document Search by BBL" button is on the right. A "MAIN OPTIONS" button is at the bottom center. A footer contains navigation links: "Go To: Finance Home Page | NYC.gov Home Page | Contact Us | Privacy Policy | Terms of Use". The Windows taskbar at the bottom shows the search bar, system tray, and various application icons, with the system clock displaying 12:43 AM on 10/2/2017.

Automated City Register x + v

a836-acris.nyc.gov/CP/LookUp/Index

New York City Department of Finance
Office of the City Register

HELP
[Click help for additional instructions]
Selecting a help option will open new window

Lookup

Property Address:

If you know the property address, complete the fields below and press "Find BBL" to find the Borough/Block/Lot of the property. Address fields indicated by an asterisk (*) are required. If an address is found, the fields in the Property Borough/Block/Lot section will be populated.

Borough/County: * BROOKLYN / KINGS
Street Number: * 621
Street Name: * DEGRAW STREET
Unit:

Property Borough/Block/Lot:

If you know the Borough, Block and Lot of the property, complete the fields below and press the "Find Address" button to find the address of the property. Fields indicated by an asterisk (*) are required. If the BBL is found, the fields in the Property Address section will be populated.

Borough/County: BROOKLYN / KINGS
Block: 00420
Lot: 0045

Find BBL

Document Search by BBL

MAIN OPTIONS

Go To: Finance Home Page | NYC.gov Home Page | Contact Us | Privacy Policy | Terms of Use

Type here to search

12:43 AM
10/2/2017

Assessing Options

The screenshot shows a web browser window with the URL `a836-acris.nyc.gov/DS/DocumentSearch/BBL`. The page header identifies the organization as the **New York City Department of Finance, Office of the City Register**. The main heading is **Search By Parcel Identifier**, with a sub-note: **Recorded documents only.**

The search form includes the following fields and options:

- Select Borough/County:** A dropdown menu currently showing `BROOKLYN / KINGS`.
- Enter Block:** A text input field containing `00420`.
- Enter Lot:** A text input field containing `0045`. A note below this field states: *(Entry of 0000 and no unit number indicates all lots)*.
- Enter Unit: (Co-op Only)**: An empty text input field.
- Select Date Range:** A dropdown menu set to `To Current Date`. A note above the date fields says: *Please enter date as: MM/DD/YYYY*.
- From:** and **Through:** date selection fields, both currently empty.
- Select Document Class:** A dropdown menu set to `All Document Classes`.

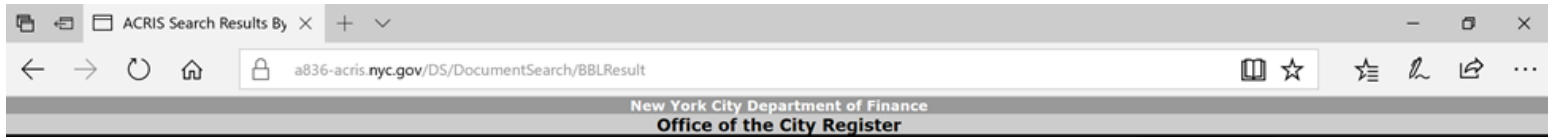
At the bottom of the form are `Search` and `Clear` buttons. A large, faint watermark of the City of New York seal is visible in the background.

Below the search form, there are three navigation buttons: `MAIN OPTIONS`, `SEARCH OPTIONS`, and `ADDRESS AND PARCEL LOOKUP`.

At the bottom of the page, there is a footer with links: `Go To: Finance Home Page | NYC.gov Home Page | Contact Us | Privacy Policy | Terms of Use`.

The Windows taskbar at the bottom shows the search bar with the text `Type here to search`, several application icons, and a system tray displaying the time `12:44 AM` and date `10/2/2017`.

Assessing Options



HELP
 [Click help for additional instructions]
 Selecting a help option will open new window

Current Search Criteria:

Borough: BROOKLYN / KINGS
Block: 00420
Lot: 0045 **Unit:** N/A
Date Range: To Current Date
Document Class: All Document Classes

Search Results By Parcel Identifier

Records 1 - 10 << previous next >> Max Rows 10 [Search Options] [New BBL Search] [Edit Current Search] [View Tax Map] [Print Index]

View	Reel/Pg/File	CRFN	Lot	Partial	Doc Date	Recorded / Filed	Document Type	Pages	Party1	Party2	Party 3/ Other	More Party 1/2 Names	Corrected/ Remarks	Doc Amount
DET IMG		2006000498863	45	ENTIRE LOT	8/7/2006	9/1/2006 2:02:54 PM	SATISFACTION OF MORTGAGE	4	FIFTH AVENUE COMMITTEE, INC.	NEW YORK COMMUNITY BANK		✓		0
DET IMG		2006000372131	45	ENTIRE LOT	6/16/2006	7/1/2006 6:49:58 PM	TERMINATION OF ASSIGN OF L&R	4	NEW YORK COMMUNITY BANK	FIFTH AVENUE COMMITTEE, INC.		✓		0
DET IMG		2006000372130	45	ENTIRE LOT	6/16/2006	7/1/2006 6:49:57 PM	SATISFACTION OF MORTGAGE	5	FIFTH AVENUE COMMITTEE, INC.	NEW YORK COMMUNITY BANK, AS SUCCESSOR TO		✓		0
DET IMG		2006000372129	45	ENTIRE LOT	6/16/2006	7/1/2006 6:49:56 PM	SATISFACTION OF MORTGAGE	4	FIFTH AVENUE COMMITTEE, INC.	NEW YORK COMMUNITY BANK, AS SUCCESSOR TO		✓		0
DET IMG		2006000314453	45	ENTIRE LOT	5/30/2006	6/6/2006 3:16:06 PM	TERMINATION OF ASSIGN OF L&R	2	LOCAL INITIATIVES SUPPORT FUND CORPORATION	FAC HOUSING DEVELOPMENT FUND CORPORATION				0
DET IMG		2006000314452	45	ENTIRE LOT	5/30/2006	6/6/2006 3:16:05 PM	SATISFACTION OF MORTGAGE	2	FAC HOUSING DEVELOPMENT FUND CORPORATION	LOCAL INITIATIVES SUPPORT CORPORATION				0
DET IMG		2006000314451	45	ENTIRE LOT	5/30/2006	6/6/2006 3:16:04 PM	SATISFACTION OF MORTGAGE	3	FIFTH AVENUE COMMITTEE, INC.	LOCAL INITIATIVES SUPPORT CORPORATION		✓		0
ViewImage		2006000281836	45	ENTIRE LOT	5/12/2006	5/22/2006 10:28:56 AM	ASSIGNMENT OF LEASES AND RENTS	11	LOW INCOME INVESTMENT FUND	FAC CENTER LOCAL DEVELOPMENT CORPORATION				825,000
DET IMG		2006000281835	45	ENTIRE LOT	5/12/2006	5/22/2006 10:28:55 AM	ASSIGNMENT OF LEASES AND RENTS	11	LOW INCOME INVESTMENT FUND	FAC CENTER LOCAL DEVELOPMENT CORPORATION				4,140,000
DET IMG		2006000281834	45	ENTIRE LOT	5/12/2006	5/22/2006 10:28:54 AM	MORTGAGE	28	FAC CENTER LOCAL DEVELOPMENT CORPORATION	LOW INCOME INVESTMENT FUND				825,000

Search Options New Parcel Identifier Search Edit Current Search View Tax Map

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Assessing Options

The screenshot shows a web browser window with the URL <https://a836-acris.nyc.gov/DS/DocumentSearch/DocumentImag>. The document ID is 2016092000655002. The document content includes:

When recorded, return to:
Freedom Mortgage Corporation
Attn: Final Documents
PO Box 8001
Fishers, IN 46038-8001
800-220-3333

Title Order No.: K365788
LOAN #: 3017-160867737C

[Space Above This Line For Recording Date]

MORTGAGE

FHA Case No.
374-7648386-703-203B
MIN: 1000730-4000068083-1
MERS PHONE #: 1-888-679-6377

WORDS USED OFTEN IN THIS DOCUMENT
(A) "Security Instrument." This document, which is dated **September 16, 2016**, together with all Riders to this document, will be called the "Security Instrument."
(B) "Borrower." [REDACTED]

A red arrow points to the recording date field, which is currently blank.

Assessing Options

- ◆ Is there room to negotiate a better modification?
 - ◆ For GSE Loans
 - ◆ Did servicer follow Flex Mod guidelines?
 - ◆ For FHA loans
 - ◆ Use Mobilization for Justice FHA waterfall:
<http://mobilizationforjustice.org/projects/foreclosure-prevention-project/>
 - ◆ Did client already receive an FHA HAMP modification?
 - ◆ Did servicer properly follow FHA waterfall guidelines?

Assessing Options

- ◆ Is there room to negotiate a better modification?
 - ◆ For non-GSE and non-FHA loans:
 - ◆ Is there equity in the property?
 - ◆ Are there any investor restrictions?
 - ◆ Ask legal services attorney for help finding the pooling and servicing agreement if possible
 - ◆ Can you achieve an affordable (under 40%) housing debt-to-income ratio with:
 - ◆ 30 or 40-year term
 - ◆ Market interest rate (now around 4.0%)
 - ◆ Principal forbearance
 - ◆ Lesser of amount needed to achieve 100% loan-to-value ratio or 30% of unpaid principal balance

Assessing Options

- ◆ If yes, and if client can afford new monthly payment, try:
 - ◆ Filing an escalation with CNYCN
 - ◆ Partnering with a legal services attorney for representation in court
 - ◆ Filing a complaint with NYS Department of Financial Services:
<http://www.dfs.ny.gov/consumer/fileacomplaint.htm>

Overcoming Obstacles

- ◆ Documenting income
 - ◆ Rental
 - ◆ Lease(s)
 - ◆ Bank deposits to borrower
 - ◆ Contributor (or boarder)
 - ◆ Contribution letter from contributor (or boarder)
 - ◆ Bank deposits to borrower
 - ◆ Maybe proof of income from contributor (or boarder)
 - ◆ Maybe credit authorization from contributor (or boarder)

Overcoming Obstacles

- ◆ Documenting income
 - ◆ Self-employment income
 - ◆ Quarterly or year-to-date profit and loss statement (P&L)
 - ◆ Possibly bank deposits to match P&L
 - ◆ Other issues with documenting income?
- ◆ Missing documents
 - ◆ IRS transcripts: <https://www.irs.gov/individuals/get-transcript>
 - ◆ Bank statements: help clients download at your office
 - ◆ Paystubs: help clients download, or have them request from HR
 - ◆ Mortgage billing statements: call servicer for loan details

Overcoming Obstacles

- ◆ Build your bag of tricks
 - ◆ Build relationships with legal services organizations
 - ◆ Use NYS Dept. of Financial Services complaint process: <http://www.dfs.ny.gov/consumer/fileacomplaint.htm>
 - ◆ Use NYC Dept. of Finance Property Tax Exemptions (seniors, disabled, veterans)
 - ◆ Remove forced place insurance (look for unusually high escrow payments)
 - ◆ Use HARP when possible (GSE loans that are current)
 - ◆ Find a Single Stop for help with food stamps and benefits: <http://singlestopusa.org/locations/>
 - ◆ Remember reverse mortgages for seniors:
 - ◆ Angella Davidson, Certified HECM Counselor, NHS Brooklyn
 - ◆ Use MAP funds to pay off or settle home equity loans and HELOCs
 - ◆ Use MAP funds in conjunction with modifications:
 - ◆ To pay down arrears
 - ◆ To pay off tax and/or water liens
 - ◆ To pay off fuel, mechanics', or other liens
 - ◆ To pay off condo or co-op common charges

Overcoming Obstacles

- ◆ Communicating with servicers
 - ◆ Unresponsive servicer or no reliable single point of contact
 - ◆ Try to avoid speaking to customer service or collections departments
 - ◆ Relevant departments are usually called “loss mitigation,” “modification,” “borrower retention,” “foreclosure”
 - ◆ Always ask which department you are speaking to, and ask for a “warm” transfer
 - ◆ Communicate and submit documents through bank attorney
 - ◆ File an escalation through CNYCN
 - ◆ File complaint with NYS Department of Financial Services:
<http://www.dfs.ny.gov/consumer/fileacomplaint.htm>
 - ◆ Ask legal services attorney for representation in court
 - ◆ For FHA loans: contact FHA National Servicing Center (877-622-8525)
 - ◆ Build your own servicer escalation list
 - ◆ Gather names of managers from trainings and outreach events
 - ◆ Ask your colleagues (especially via the CNYCN/HSNY listserv)
 - ◆ Other tips?

Overcoming Obstacles

Case Scenario #1

Mr. Smith bought his one-family house by himself in 1996. He lives there with his wife and two adult children. About four years ago, Mr. Smith lost his job and fell behind on his mortgage with Citi. Foreclosure proceedings began sometime in the last year or so, but Mr. Smith has not been to a settlement conference yet. He is now working as an independent cab driver and has regained some of his income. He has applied several times for a loan modification with no success. He is very frustrated. Mr. Smith does not have a single point of contact, and in fact, Citi transferred servicing and he is not even sure who his current servicer is now. Mr. Smith is very busy with work, but he was able to come for an in-person counseling meeting. He brought all of his paperwork that he could find, including:

- Two Citi modification denials – one for missing documents and one for insufficient income
- 2016 Form IT-201
- 60-day statement of activity for his bank account printed from online
- June 2015 Citi mortgage billing statement showing his monthly payment of P&I, escrow, and MIP
- YTD printout from the cab company showing his gross earnings, fees charged, and his take-home pay

1. **What pieces of information are missing?**
2. **What are some potential obstacles that Mr. Smith is facing?**
3. **What would you do next – what are some possible solutions?**

Overcoming Obstacles

Case Scenario #2

Mrs. Jones purchased her two-family house with her sister as a non-occupant co-borrower in 2005. She lives in her three-bedroom apartment by herself, and the rental unit is upstairs. Several years ago, Mrs. Jones lost her job and was out of work for a time. Her tenants also stopped paying and she had to evict them. The apartment was vacant for a while, but she has new tenants who are paying on time. Mrs. Jones is also working again, although at a lower salary. She has applied for a modification several times with no luck. She does not understand why she was denied. She owes approximately \$100,000 in arrears and fees. Mrs. Jones is still gathering documents, but she brought the following items to her counseling appointment:

- Her most recent month of consecutive paystubs
- A letter that she wrote detailing how much rent she receives from her tenants
- 2016 federal tax return showing both W2 and Schedule C income
- Two months of bank statements showing direct deposit salary and random, unequal cash deposits
- Recent mortgage statement showing her regular payments, including monthly escrow of \$850

1. **What pieces of information are missing?**
2. **What are some potential obstacles that Mrs. Jones is facing?**
3. **What would you do next – what are some possible solutions?**

Client Engagement

- ◆ Broaching the subject of non-retention

Mr. Williams has exhausted all options. He was out of work for many years and massive mortgage arrears have accrued. Even with a large principal deferral, it is not possible to modify the loan in such a way that you can achieve a housing debt-to-income ratio that is under 50%. Mr. Williams' property is a one-bedroom condominium, and he does not have any space to rent. He also owes tens of thousands of dollars in unpaid common charges. Thankfully, Mr. Williams is working again, but he does not have any plausible way to quickly increase his income. He has also been unable to save any money. The condo is in foreclosure, but no auction date is scheduled.

It is probably time to discuss relinquishing the property. What are some things to consider, and how would you approach this?