

LOAN MODIFICATION TIPS

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TIP 1 - Preparation

Get your financial records together, including tax returns, pay stubs, and information on your monthly expenses. It is best to enter your check book into a program like Quicken or MS Money, that way you can run a "report" with a summary and details of your expenses and income. It will make family budgeting and doing your taxes easier too!

TIP 2 - Get the Facts

Do your research on the internet, talking to your bank and reading articles on the subject. There are PLENTY of them right now! HUD (U.S. Dept of Housing and Urban Development) is an agency that partially regulates the home mortgage industry. This is NOT the only way to modify your mortgage, but it does give you the facts about the government loan modification programs. Here are a couple of links from their website that deal with loan modification that might be helpful to you (copy and paste into your browser):

Loan Modification - Frequently Asked Questions
<http://www.hud.gov/offices/hsg/sfh/nsc/faqlm.cfm>

Loan Modification Option
<http://www.hud.gov/offices/hsg/sfh/nsc/rep/lmfact.pdf>

TIP 3 - Attitude

Be Patient, the process takes a long time.

Be Firm. Your initial contacts at the bank, in customer service, are unlikely to be of much help. Be Persistent. Focus on finding your way to the decision-makers, either customer service supervisors or the bank's "loss mitigation" department.

Be Aggressive (in a nice way). Remember, the fault for America's financial crisis in part is the fault of the greedy bankers that loaned money they should not have. While you may or may not have made your own mistakes, they certainly share part of the blame (along with STUPID government officials). So don't be afraid to be insistent.

TIP 4 - Get Help

There are many attorneys and brokers offering loan modification services right now. Many are offering help with the government programs such as HUD's, however some attorneys are taking a much more aggressive approach and reviewing your original loan documents looking for mistakes and holes that can be exploited to force the lender to lower your interest, extend payments and even reduce principal. While I do NOT offer this type of service, I would encourage you to be careful when selecting an attorney to represent you in this approach. Here are some guidelines you might want to use to compare attorneys:

1. How many years does the attorney have practicing contract law?
2. Does the attorney want an up-front retainer or is the attorney paid on a contingency (if they don't win, they don't get paid)?
3. Do you have to pay for the attorney's costs? Or are costs included in the contingency?
4. Does the attorney have references from other clients for whom attorney successfully renegotiated their loans?
5. Check for a discipline record for that attorney on the California State Bar website: www.calbar.org.
6. Check out the attorney on AVVO.com. Not a perfect source, but it might be instructive.