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

Automated City Register Information System

Main Options

Receive an alert when the City Register records a document related to your property.
Register for the Recorded Document Notification Program.

Search Property Records

Find Addresses and Parcels

Apply for Personal Exemptions

Create Tax Forms / Create Cover Pages

Calculate Taxes / Fees

Electronic Data Services
Assessing Options
Assessing Options

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:** 691
- **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:** 0046

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Assessing Options
Assessing Options

### Search Results By Parcel Identifier

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Assessing Options
Assessing Options

- Is there room to negotiate a better modification?
  - For GSE Loans
    - Did servicer follow Flex Mod guidelines?
  - For FHA loans
    - 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
  - 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 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/](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](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?
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?
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?