



# 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 states: "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 services: "Search Property Records", "Find Addresses and Parcels" (highlighted with a grey button), "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, system tray, and a clock displaying 12:41 AM on 10/2/2017.

ACRIS Main Options

a836-acris.nyc.gov/CP

New York City Department of Finance  
Office of the City Register

Automated City Register Information System

MAIN OPTIONS

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

For optimal viewing, please set your screen display to at least 1024 x 768.

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

Type here to search

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. Below it, a text box explains: '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.' The form fields are: '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. Below it, a text box explains: '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.' The form fields are: '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, with the system clock displaying '12:43 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 for searching property information. The first option, 'Property Address', is selected and includes fields for Borough/County (BROOKLYN / KINGS), Street Number (621), Street Name (DEGRAW STREET), and Unit. The second option, 'Property Borough/Block/Lot', includes fields for Borough/County (BROOKLYN / KINGS), Block (00420), and Lot (0045). A 'Find BBL' button is located below the second set of fields. A 'Document Search by BBL' button is also present. A 'HELP' link is located in the top right corner. The Windows taskbar at the bottom shows the time as 12:43 AM on 10/2/2017.

**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

# 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 several fields: "Select Borough/County" (set to "BROOKLYN / KINGS"), "Enter Block:" (set to "00420"), "Enter Lot:" (set to "0045"), "Enter Unit: (Co-op Only)" (empty), "Select Date Range:" (set to "To Current Date"), "Select Document Class:" (set to "All Document Classes"), and a date range section with "From:" and "Through:" fields. A "Search" button and a "Clear" button are located below the form. A large, faint watermark of the City of New York seal is centered on the page. At the bottom, there are three navigation buttons: "MAIN OPTIONS", "SEARCH OPTIONS", and "ADDRESS AND PARCEL LOOKUP". A footer contains links for "Finance Home Page", "NYC.gov Home Page", "Contact Us", "Privacy Policy", and "Terms of Use". The Windows taskbar at the bottom shows the search bar, several application icons, and the system clock displaying "12:44 AM 10/2/2017".

ACRIS Search By Parcel

New York City Department of Finance  
Office of the City Register

**Search By Parcel Identifier**  
Recorded documents only.

Select Borough/County: BROOKLYN / KINGS

Enter Block: 00420

Enter Lot: (Entry of 0000 and no unit number indicates all lots) 0045

Enter Unit: (Co-op Only)

Select Date Range: To Current Date

Please enter date as: MM/DD/YYYY  
From: / / Through: / /

Select Document Class: All Document Classes

Search Clear

MAIN OPTIONS SEARCH OPTIONS ADDRESS AND PARCEL LOOKUP

Go To: [Finance Home Page](#) | [NYC.gov Home Page](#) | [Contact Us](#) | [Privacy Policy](#) | [Terms of Use](#)

Type here to search

12:44 AM  
10/2/2017



# Assessing Options

The screenshot shows a web browser window with the address bar displaying <https://a836-acris.nyc.gov/DS/DocumentSearch/DocumentImag>. The browser's address bar also shows "New York Web Public Inquiry" and "ACRIS". The browser's menu bar includes "File", "Edit", "View", "Favorites", "Tools", and "Help". The search bar contains "Google".

The document search results page displays the following information:

- DOCUMENT ID:** 2016092000655002
- Main Options:** [Main Options](#) | [Search Results](#) | [Document Details](#) | [Show Supporting Documents](#) | [Show Tax Returns](#) | [Print Document](#)
- HELP** (Selecting a help option will open new window)

The document viewer shows the following text:

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.

The Windows taskbar at the bottom shows the following icons: Internet Explorer, Outlook, File Explorer, Google Chrome, Microsoft Edge, Calculator, OneDrive, Microsoft Excel, Microsoft Word, and Microsoft PowerPoint. The system tray shows the time as 11:19 AM on 10/2/2017.

# 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?