<u>Options for Saving Your Home</u>
(Loss Mitigation)

<u>What is Loss Mitigation?</u>

Loss Mitigation is the term used by mortgage companies to describe their programs and department that can assist borrowers in bringing their mortgages current.

- The number one requirement of Loss Mitigation is affordability of the mortgage. To be able to assist you the mortgage company **<u>must see</u>** a budget that demonstrates to them that the income coming into the home is sufficient to support all of the household bills.
- When speaking to your mortgage company, ask to <u>speak with their Loss Mitigation</u> department which is sometimes called the <u>Loan Counseling</u> department. These are the people who are going to be able to assist you with becoming current.
- Other Requirements:
    1. **<u>Find out what Type of Loan</u>** you have such as FHA, Fannie Mae, Freddie Mac and VA. When you contact your mortgage company ask them **who the investor** is on your loan, or if you have mortgage insurance.
    2. You must contact your mortgage company and request a Loss Mitigation package for your loan.

*<u>Loss Mitigation Options You **May** Have:</u>*

- *<u>Repayment Plan:</u>* This is where the mortgage company can take the amount that you are delinquent and add it on to your regular payment spread out usually over 3 – 12 months (some mortgage companies will allow longer).
- *<u>Loan Modification:</u>* This is where the mortgage company adds the amount that you are delinquent to the principle balance of your loan. If they think it is necessary they may consider extending your terms back out to 30 years and/or adjusting your interest rate.
- *<u>Partial Claim:</u>* (FHA loans or those with PMI insurance only) this is where the insurer of your mortgage gives you a loan for the amount that you are delinquent. This is a non-interest loan that does not need repayment until sale of the home or pay off of the first mortgage.