

## **LOAN WORKOUT SOLUTIONS THAT YOUR COUNSELOR or LENDER MAY SUGGEST:**

**If your financial problem is temporary and you want to keep your home, there are options that a counselor or lender may suggest.**

- **Reinstatement:** A full reinstatement occurs when a borrower restores a delinquent mortgage to current status by paying the total amount delinquent
- **Special Forebearance:** An agreement to temporarily let a borrower pay less than the full amount of the mortgage payment, or pay nothing at all during the forbearance period.
- **Repayment Plan:** An agreement that gives the borrower a fixed amount of time to bring delinquent mortgage payments current by paying the normal monthly payments plus an additional amount. A “catch up” when the borrower knows he will have a lump sum of money – maybe after he gets his tax return.

**If it appears that your situation is long-term or will permanently affect your ability to bring your account current:**

- **Loan Modification:** A written agreement between the servicer and the borrower, to bring the loan to a current status that permanently changes one or more of the original terms of the note such as:
  - A reduction in the interest rate
  - A reduction in the monthly payment
  - An extension of the length of the mortgage
  - Converting an ARM to a Fixed Rate Loan
  - Adding the missed payments to the existing loan balance
- **Partial Claim (FHA Only):** A secured loan offered from the Mortgage Insurance fund to bring your mortgage current. You must execute a Promissory Note, and a Lien will be placed on your property until the Promissory Note is paid in full. The Promissory Note is interest-free and is due when you pay off the first mortgage or when you sell the property.

**If your financial problem cannot be resolved in the near future and you can no longer afford to keep your home, your lender can help you move on without the stress & embarrassment of a foreclosure.**

- **Workout Mortgage Assumption (if applicable):** A workout option that permits a qualified applicant to assume both the title to the property and the mortgage obligation from a borrower who is currently delinquent in their mortgage payments, or in imminent danger of default.
- **Pre-Foreclosure Sale/Short Sale:** An approved sale of the property to an unrelated 3rd party **for less than is owed** on the mortgage, preventing a Foreclosure on the borrower’s credit report.
- **Deed-in-lieu of Foreclosure:** A workout option in which a borrower voluntarily conveys clear property title to the investor in exchange for a discharge of a debt.

When would you consider this?

**You are in default and don't qualify for any of the other options;  
Your attempts at selling the house before foreclosure were unsuccessful; and  
You don't have any other liens, 2nd mortgages, judgments, IRS or State  
Tax liens.**

- (Last Resort) **Timely Foreclosure**