

Frequently Asked Questions

It is understandable to have questions when coping with a new and challenging situation, especially when a home is at stake. The reality is that millions of homeowners across the country are finding out that they have more questions than answers. We hope that the following information will help you better understand the circumstances. If you have further questions not addressed below, or would like additional information resources, feel free to contact me. Jeff Hansen (303) 794-4530.

Do I qualify for a short sale?

The qualifications for a short sale include any or all of the following:

1. Financial Hardship – There is a situation causing you to have trouble affording your mortgage.
2. Monthly Income Shortfall – In other words: “You have more month than money.” A lender will want to see that you cannot afford, or soon will not be able to afford your mortgage.
3. Insolvency – The lender will want to see that you do not have significant liquid assets that would allow you to pay down your mortgage.

What is a mortgage modification?

A mortgage modification is a process through which your mortgage lender changes any or all of the following:

- Your interest rate
- Your principal balance (through a reduction)
- Your loan terms (example: from an adjustable to a fixed rate)

This process can allow borrowers to stay in their property when they can no longer afford their current mortgage payments.

Why would a lender modify my mortgage?

Lenders have realized that in some cases it is better for them to work with current borrowers to lower payments or possibly improve terms in order to keep homeowners in their properties. The average foreclosure can cost a lender from 35-50% of the value of a property, so keeping borrowers in their homes is a good option for everyone.

What do I need to qualify for a mortgage modification?

According to the Making Home Affordable Web site (www.MakingHomeAffordable.gov), you will need the following information for your lender to consider a modification:

- Information about your first mortgage, such as your monthly mortgage statement
- Information about any second mortgage or home equity line of credit on the house
- Account balances and minimum monthly payments due on all of your credit cards
- Account balances and monthly payments on all your other debts such as student loans and car loans
- Your most recent income tax return
- Information about your savings and other assets

- Information about the monthly gross (before tax) income of your household, including recent pay stubs if you receive them or documentation of income you receive from other sources

If applicable, it may also be helpful to have a letter describing any circumstances that caused your income to reduce or expenses to increase (job loss, divorce, illness, etc.)

How do I qualify for a mortgage modification?

The first call you make should be to your lender, have the information above ready to discuss with them and call your customer service line to ask them what options you have available. If the person you speak with does not understand what you are asking, you can ask to be referred to one of the following departments (different lenders have different names for these departments):

- Loss Mitigation
- Mortgage Modification
- H.O.P.E.

Prior to contacting your mortgage lender you can quickly complete an eligibility test at www.MakingHomeAffordable.gov. This test will let you know if you are eligible for a modification through the government-sponsored Home Affordability and Stability Program (HASP). For a list of mortgage lenders and servicers, visit www.HopeNow.org.

What if I don't qualify for a mortgage modification, can't afford my home, and owe more than it's worth?

You are not alone and foreclosure is not the only option. If your mortgage lender or servicer will not work with you to reduce your payment, you may want to consider a short sale. Agents like me, with the Certified Distressed Property Expert® Designation, have undergone extensive training in how to process and negotiate short sales. A short sale allows you to sell your home for less than what you owe and avoid foreclosure. Speak to your market expert to see if you may qualify.

What is a Home Affordable Refinance?

If Fannie Mae or Freddie Mac owns your mortgage, you may be eligible for a Home Affordable Refinance. This will allow you to refinance your home and often lower your payments.

What are the qualifications for a Home Affordable Refinance?

According to the resources released by the government, following are a list of qualifications:

- You are the owner occupant of a one- to four-unit home
- The loan on your property is owned or securitized by Fannie Mae or Freddie Mac (see Useful Links)
- At the time you apply, you are current on your mortgage payments (you haven't been more than 30 days late on your mortgage payment in the last 12 months, or if you have had the loan for less than 12 months, you have never missed a payment)
- You believe that the amount you owe on your first mortgage is about the same or slightly less than the current value of your house
- You have income sufficient to support the new mortgage payments, and the refinance improves the long-term affordability or stability of your loan