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**MOST OF YOU HAVE A LENDER THAT IS NOW
REQUIRED TO MODIFY YOUR RESIDENTIAL
MORTGAGE – SO WHY DOES YOUR LENDER STILL
REFUSE TO MODIFY YOUR MORTGAGE?**

How many of you experience trouble sleeping, because you are stressed about making your mortgage payments? I bet I can guess the thoughts that you have:

“I have suffered a financial hardship (e.g. loss of income, loss of job, loss of retirement/savings).”

“I could pay a lower, reasonable mortgage payment. I just cannot afford my current mortgage payment.”

“When I asked my lender to modify my loan, the lender either told me that I had to be delinquent on mortgage payments, or they simply told me that I did not qualify for a loan modification.”

Sound familiar? Was I close on quoting your thoughts that keep you tossing and turning each night? Tell you what. I am in the holiday spirit. I will not promise you all the answers to your financial problems. But let me promise you at least one good night's sleep. Here goes:

Do yourself a favor:

- 1) Write down your monthly gross income (before deducting amounts such as taxes and FICA/Social Security).
- 2) Multiply your monthly gross income by 31% (.31 on the calculator).
- 3) Write down the answer next to your monthly mortgage payment.
- 4) If that answer is less than your monthly mortgage payment, please immediately call your attorney and schedule an appointment.

And yet some of you will just call that loan modification company, advertising on the radio. I will look for your television appearance, next year, after the State of Arizona officially outlaws unlicensed loan modification companies (the proposed legislation drafted by the Arizona Department of Financial Institutions is expected to become law in July 2010).

**REPEAT AFTER ME
(AND THE ARIZONA DEPARTMENT OF FINANCIAL INSTITUTIONS):**

IF YOU HAVE HIRED A LOAN MODIFICATION COMPANY, FIRE THEM IMMEDIATELY AND DEMAND A REFUND. THERE IS NO SUCH THING AS A LICENSED LOAN MODIFICATION COMPANY IN ARIZONA.

Even the State of Arizona instructs and warns you not to do business with loan modification companies. Their warning to you states:

“Don’t pay up-front fees to a loan modifier. These companies are not licensed or regulated...If you think you are a victim of a foreclosure scam or mortgage loan modification company, you should fill out and sign a formal written complaint form with the Arizona Department of Financial Institutions.”

Feel free to review this language at their website: www.azdfi.gov/foreclosure/Intro.htm.

What Questions Do You Have?

1) Do I have to fall behind on my mortgage payments to receive this loan modification?

No. How is that for a succinct answer?

2) What is the basic criteria to receive a loan modification that caps my mortgage payments to 31% of my gross income?

- a) The loan must have been signed before January 1, 2009.
- b) The loan must be for your primary residence and you must live in the house.
- c) You must have endured a documented financial hardship (loss of job, loss of income, divorce, etc.). Please note that the lenders attempt to deny legitimate loan modification applications for the borrower’s failure to suffer a “hardship.”

Much like when you submit a claim to your health insurance company, claims are automatically denied in the hope that you will simply give up and continue making exorbitant mortgage payments. Often, these matters must be resolved with the help of the Courts.

d) Your current lender (whoever currently holds your loan) must have voluntarily opted into the program, received TARP funds from the federal government (i.e. bailout money), or your loan must either be a FHA loan, or guaranteed by Freddie Mac or Fannie Mae. All the famous banks participate: Bank of America, Wells Fargo, Chase, US Bank and several others.

3) Why are these lenders agreeing to offer such a great loan modification under these terms?

It is the law. The Home Affordable Modification Program ("HAMP") began in April 2009, and was even updated in July. Didn't you get the memo? No one on the television told you? Your loan modification company did not describe it or explain the process to you?

I am shocked!!!

4) Why has my lender not told me about HAMP or specifically identified the other legitimate loan modification programs?

Because the lenders do not make as much money if they send you letters:

a) informing you that you probably qualify for a loan modification; b) identifying the criteria you have to meet; and c) assisting you in the steps necessary to obtain the loan modification. Many of you still believe that your lender wants to help you. **THEY DO NOT WANT TO HELP YOU. THEY ARE BEING FORCED TO HELP YOU. BUT THEY DO NOT HAVE TO TELL YOU ABOUT THE PROGRAMS OR ASSIST YOU WITH THE PROCESS THAT WOULD RESULT IN YOU PAYING LESS MONEY TO THEM.**

5) What if I just call my lender?

How has that been working for you so far? For those of you facing foreclosing, has the lender sent you something in writing stating that they will postpone the trustee's sale on your home until your loan is modified?

Lenders are active engaging in a tactic where borrowers call them about loan modifications, and lenders automatically transfer the calls to the collections department. Like I always tell you, attorneys get things done because they write letters and file lawsuits. But you go ahead and call your lender, if it makes you feel better. Legal fees are nearly double to recue you from a trustee's sale, as opposed to simply assisting you in preparation and enforcement of your HAMP loan modification.

6) Does the HAMP program apply to 80/20 loans, subprime mortgages, interest-only loans and other exotic types of mortgages?

Yes, provided you meet other criteria that are also pretty reasonable.

7) What if I have a jumbo loan or a loan balance worth more than the home's current value?

Does not matter. Loans are modified if the single family dwelling has a maximum current principle balance of \$729,750. The current fair market value of your home is not part of the loan modification analysis.

8) What if I have a duplex?

If you live in one of the units, you may qualify for a loan modification. The dollar limits change, but you can live in as large as a fourplex with a loan balance of \$1,403,400 and still might receive a HAMP loan modification (provided you meet all the other criteria).

You have more questions and there are more issues to discuss. The firm will be here to answer them. Sleep well, this evening. You can call me in the morning.