

## To refinance home loan, navigating paperwork and system takes patience

### Renegotiating home loan requires patience, prep work to navigate red tape

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If you know you're headed for trouble with your mortgage or you already are there, brace yourself.

It's a mess for borrowers trying to renegotiate the terms of their mortgages right now. That's despite a highly publicized, \$75 billion, Obama administration program that pays lenders to modify loans.

If you need to get a new deal on your mortgage — as millions of people do — the best thing you can do is to arm yourself with information, about the problems you'll face and what you can do to get around them.

"People are confused," said Kevin Walker, president and chief executive of MortgageReport.com, a new website that helps borrowers learn whether they are eligible for loan modifications. "Frankly, lenders are still trying to figure out the procedures they're supposed to follow to implement these programs."

Not many loans are being modified under the Making Home Affordable program, which was announced in February.

By mid-May, the Treasury Department reported the program had resulted in 55,000 loan modifications so far.

Lenders can modify loans on their own, not using the program. Hope Now, an industry coalition trying to combat the flood of foreclosures nationwide, said its members had independently modified 127,000 loans in April and made 143,000 new repayment plans, a record number.



But even those figures combined are a drop in the bucket against the Obama program's stated goal of helping as many as 9 million homeowners refinance or modify their loans.

Nothing has turned back the tidal wave of foreclosures. About 1 million new foreclosures were filed in the nation between January and the end of May, the Center for Responsible Lending estimated. Moody's Economy.com expects 1.54 million new foreclosures this year, after 1.44 million foreclosures last year.

In South Florida, Allen Robinson, managing partner of First Trust Mortgage Corp., said lenders don't seem interested in drastically altering mortgages. They aren't reducing the principal owed, he said, but are cutting rates or extending terms.

And there's the problem of loan servicers handling a flood of applications. Jessica Cecere of the Consumer Credit Counseling Service of Palm Beach said she thinks fewer than 2 percent of loans are being modified.

Lenders say they're trying to keep up with the demand, but the number of troubled borrowers is huge and still growing. In April, almost 3 million home loans nationwide were 60 days or more delinquent, according to the Hope Now alliance.

"The pipeline of people requesting loan modifications has grown tremendously since March," said JP Morgan Chase spokeswoman Nancy Norris.

Chase has opened five offices in Florida, including one in Aventura and one in Miami, devoted only to loan modifications. Norris said Chase can modify loans from Chase, Washington Mutual and a small lender named EMC. Those loan offices are open evenings and weekends.

Wells Fargo, which owns Wachovia, has put details of the program on a website, [www.wellsfargo.com/homeassist](http://www.wellsfargo.com/homeassist).

What can you do if you need to rework your loan? Here's some advice:

#### **Get informed**

This is easier than you think. Start at [makinghomeaffordable.gov](http://makinghomeaffordable.gov), the official Treasury Department website for the program.

You can refinance your loan using the program if you are current on your payments, but if you have fallen behind, you will need to seek a loan modification.

The site notes that loans that are "under water" — where the value of the home is less than the current mortgage — can qualify, for loans that are as much as 105 percent of the home's current value. Moody's Economy.com estimates that as many as 15.9 percent of all home loans are "under water" to some degree this year.

#### **Get help**

Some websites will show you the terms of the loan modification program and figure out whether you qualify.

One is MortgageReport.com, which comes from the same firm that created SimpleTuition.com, a student loan comparison tool. MortgageReport.com gives borrowers a "diagnosis" for their loans. There is no charge to borrowers, who input their loan amounts and other debts.

Users who qualify for a modification will be provided with a list of lenders. Borrowers can then decide whether to send on their own information.

Another site gives borrowers a free credit score. Fair Isaac, the company that produces the FICO credit score that is commonly used for mortgages, started MortgageReliefOnline.com in April. The site, also free to users, allows you to see whether you qualify and then refers you to mortgage counselors

You also can get help the old-fashioned way, by talking to someone.

You can find thousands of counselors trained by the U.S. Department of Housing and Urban Development by calling the local consumer credit counseling service or through the federal Hope Now program, 888-995-Hope (4673).

### **Get organized**

"Be prepared," said Dale Vermillion, a mortgage industry consultant and author of *Navigating the Mortgage Maze*. "Have your credit report available and know your credit score."

Expect to be asked for copies of recent tax returns or pay stubs, information on your loan and any other loans, including a car loan, student loans and personal debts.

### **Don't give up**

"The first three or four people [you speak to] don't have any power at all," said Ryan Smart, vice president of RightTrack Financial Services, a [Delray Beach](#) firm that negotiates loan modifications. "The whole system exists to keep people away. They give you 'negotiators' who have no power to negotiate the loans."

Keep going until you get to someone who does have the authority to change your loan.

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