

Loan Modification Instructions

Congratulations! You have successfully activated your online loan modification station and you are one step closer to submitting a complete package to your lender.

This system will automatically prepare a Bank Ready loan modification package, which includes completed forms that you will need to review and sign prior to sending to your lender.

Included in your Bank Ready loan modification package are the following:

- Cover Sheet
- Loan Modification Request Letter (please sign)
- Income & Expense worksheets (please sign)
- Loan Modification Proposal - 3 pages
- Letter of Hardship (please sign)
- Qualifications Summary
- Real Estate Cash Flow Worksheet (complete if you own investment property)
- 4506-T (please complete and sign page 1)
- Home Affordable Modification Program Hardship Affidavit (please complete)

The following items are required and you will need to gather these items to include:

- Copy of your most recent Mortgage Statement
- Copy of any delinquency notices, notice of default, etc from your lender
- Past 2 years tax returns (signed)
- Past 2 months pay stubs
- Past 2 months bank statements (all pages)
- Last 6 months profit and loss statement (only if self-employed)
- Copy of drivers license
- Most recent real estate tax bill (only if your taxes are not currently escrowed)
- Proof of Insurance (only if your insurance is not currently escrowed)

Once you have gathered the required items, it is recommended that you write your loan number on the bottom of each page and put the package in the order listed on the Cover Sheet to prepare to send, fax or email to your lender using the information provided on the cover sheet*. Please make a photo copy of the complete package and it is recommended that you do not send originals. Always keep a copy for your records. Some clients may choose to mail their loan modification package to their lender. If you mail your package, you should request "return receipt delivery" notification to ensure its delivery. However you choose to submit your loan modification package, you must follow up to make sure your package was received and continue to follow up with your lender until you are assigned to a negotiator. This is the person who will work on your loan modification.

Your lender may request additional documentation and may even require you to complete some information on their forms. Be patient and persistent when dealing with your lender or servicer. You can and should utilize our web system to make notes of your conversations with your lender and to create a task or reminder that will send you an email to remind you to follow up or perform the task you set.

Now, gather your required items and you are ready to submit your package to your lender.

* Bank or Servicer contact information is not guaranteed to be 100% accurate. Please call your Bank or Servicer to confirm.

Cover Sheet

To: Bank Of America 475 Crosspoint Parkway Getzville, NY. 14068	From: Jane Test 123 Sw 12 Ave Btown, CA. 93333
Fax: 800 - 846 - 2222	Phone: 122 - 222 - 2222
Phone: 800 - 444 - 4302	Date:
Re: Loan Modification Review	Pages:

Urgent For Review Please Comment Please Reply

Borrower

Jane Test

1st Lender/Service	Loan #	2nd Lender/Service	Loan #
Bank Of America	103949489	Citicorp	
Property Address	City	State	Zip
123 Sw 12 Ave	Btown	CA	93333

Comments:

Please confirm receipt of this loan modification package. You should have the following documents included with this package.

- Cover Sheet
- Loan Modification Request
- Loan Modification Proposal
- Hardship Letter
- Monthly Expense Worksheet
- Monthly Income Worksheet
- Schedule of Real Estate Owned
- Copy of recent mortgage statement
- Copy of any delinquency notices, notice of default, or any other pertinent documents
- Past 2 years tax returns
- Past 2 months pay stubs
- Past 2 months bank statements
- Last 6 months profit and loss (if self-employed)
- Copy of drivers license

Loan Modification Request- 1st Mortgage

Jane Test
123 Sw 12 Ave
Btown, CA. 93333

Bank Of America
475 Crosspoint Parkway
Getzville, NY. 14068

Re: Loan Modification Request- 1st Mortgage Loan # 103949489

To Whom it concerns,

Enclosed with this package, you will find my loan modification request and supporting documentation for a loan modification regarding loan number 103949489. After reviewing my income and the current real estate market, you will find that my loan modification request is necessary. In my current situation, the mortgage payments are not affordable. However, with the proposed loan modification, I will be able to consistently make payments on time and avoid a foreclosure. I would prefer to stay in my home, but if a modification is not possible I will be forced to foreclose.

Please review the enclosed documents outlining my overall financial situation and real estate market conditions. You may contact me with any questions or requests for further documentation.

Sincerely,

Jane Test
Phone 122 - 222 - 2222

Monthly Expense Worksheet

	Primary Borrower	Co-Borrower	Sub-total Expense
1st Mortgage Payment	\$2,000.00	—	\$2,000.00
2nd Mortgage Payment	\$650.00	—	\$650.00
H.O.A Fees		—	
Taxes	\$200.00	—	\$200.00
Insurance	\$175.00	—	\$175.00
Mortgage Insurance		—	
Credit Cards	\$350.00		\$350.00
Auto Loans	\$20.00		\$20.00
Unsecured Loans			
Student Loans/Tuition			
Alimony/Child Support			
Child/Dependent/Elderly Care			
Insurance (Auto, health, life)			
Groceries	\$200.00		\$200.00
Car Expenses (gas, maint.)	\$200.00		\$200.00
Doctor/Medical Bills			
Entertainment	\$100.00		\$100.00
Other			
Other Mortgages /REO			
Utilities			
Cable TV/Satellite	\$50.00		\$50.00
Electricity	\$200.00		\$200.00
Natural Gas/Oil			
Telephone/Cell	\$100.00		\$100.00
Water/Sewer	\$100.00		\$100.00
Internet			
Other			
TOTAL Household Expenses	\$4,345.00		\$4,345.00

Monthly Income Worksheet

Employment	Borrower	Co-Borrower
Position	Sales	
Type		

Employment Income	Borrower	Co-Borrower	Sub-total Income
Gross Monthly Income	\$5,200.00		\$5,200.00
Commission/Bonus	\$350.00		\$350.00
Overtime			
Tips			
Net Monthly Income	\$4,100.00		\$4,100.00

Other Income Sources	Borrower	Co-Borrower	Sub-total Income
Social Security:			
Pension/Retirement:			
Disability:			
Child Support/Alimony:			
Rental:			
Earned Interest:			
Room Rental:			
Monthly Income (2nd Job):			
Son/Daughter:			
Parents:			
Unemployment:			
Other:			
TOTAL Net Household Income	\$4,100.00		\$4,100.00

Current Monthly Disposable Income

TOTAL Joint Household Income	-	TOTAL Joint Household Expenses	=	Disposable Income
\$4,100.00	-	\$4,345.00	=	\$-245.00

Borrower Signature

Date

Loan Modification Proposal

Borrower Name:	Jane Test	Years in Property:	0
Property Address:	123 Sw 12 Ave Btown, CA. 93333	1st Loan #:	103949489
		2nd Loan #:	

We are proposing the following Loan Modification Terms for your favorable decision:

Loan Modification Proposal			Income Analysis		
Loan Number:	103949489				
First Mortgage	Current	Proposed	Income Analysis	Current	Proposed
Loan Type:	3/27 ARM	Fixed	Gross Monthly House Hold Income	\$5,550.00	\$5,550.00
Principal Balance:	\$315,000.00	\$319,500.00	Net Monthly House Hold Income	\$4,100.00	\$4,100.00
Terms	30 Years	40/30 Years	Total Monthly Expenses (Non Mortgage Related)	\$1,320.00	\$1,320.00
Interest Rate (APR):	6.50%	2.50%	Total Monthly Housing Taxes and Insurance	\$375.00	\$375.00
Monthly 1st Mortgage Payment (PITIA)	\$2,375.00	\$1,428.64	Total Monthly Expenses (Including Mortgage)	\$4,345.00	\$3,006.04
Housing DTI (Incls. 1st Mortgage)	42.79%	25.74%	Monthly Net Cash Flow	(\$245.00)	\$1,093.96
Amount in Arrears: (Incl in Proposed Principal)	\$4,500.00	\$4,500.00	Surplus/defecit % of Income	(5.98%)	26.68%
Escrow Shortage: (Incl in Proposed Principal)	\$0.00	\$0.00	Back End DTI	78.29%	54.16%
Fees & Admin Costs: (Per HUD Guides Waived)	\$0.00	\$0.00			

The projections set forth herein are for purposes of example only and may not be relied upon in individual circumstances. Nothing contained herein is intended to nor does it create an agreement of any kind. Each set of circumstances is unique and must be analyzed individually. Each analysis is subject to lender approval. Lenders' approval criteria vary by lender, by circumstance and by date.

Loan Modification Proposal			Market Value Analysis	
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Loan Number:			Current Market Value:	\$250,000.00
Second Mortgage	Current	Proposed	Balance of First Mortgage:	\$315,000.00
Loan Type:	Fixed 2nd	Fixed	Balance of Second Mortgage:	\$85,000.00
Principal Balance:	\$85,000.00	\$85,000.00	Total Mortgage Debt	\$400,000.00
Terms	30 Years	40/30 Years	Equity Surplus/Deficit	(\$150,000.00)
Interest Rate (APR):	8.50%	2.00%	Current LTV:	160.00%

2nd Mortgage Mo. Payment:			Cost of Foreclosure Analysis	
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Amount in Arrears: (Incl in Proposed Principal Bal.)	\$0.00	\$0.00	Est. months in arrears at time of REO sale:	10
Late Fees & Admin Costs: (Per HUD Guidelines Waived)	\$0.00	\$0.00	Current Monthly Mortgage Payments (P+I Only):	\$2,650.00
The proposed modified new monthly payments for 1st and 2nd(not including taxes, insurance, or association)		\$1,311.04	Mortgage Pymts in arrears at sale:	\$26,500.00
The modified payment monthly residual cash flow is:		\$1,093.96	Attorney's Fees:	\$1,000.00
Requested Principal Reduction Amount for 1st Mortgage		\$0.00	Estimated Cost to Secure Property:	\$1,000.00
Requested Principal Reduction Amount for 2nd Mortgage		\$0.00	Estimated Maintenance Costs:	\$1,000.00
			Total Estimated Foreclosure Costs (Does not include any costs to cure property)	\$29,500.00

Asset Liquidation Analysis		Foreclosure Estimated Loss	
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Current Market Value:	\$250,000.00	Total Sale Proceeds	\$148,625.00
Foreclosure Estimated Sales Price (75% of CMV)	\$187,500.00	Less: Balance of 1st Mortgage	\$315,000.00
Less: Real Estate Commissions @ 5%:	\$9,375.00	Less: Balance of 2nd Mortgage	\$85,000.00
Less: Estimated Foreclosure Costs:	\$29,500.00	Estimated Lender Loss from Foreclosure	(\$251,375.00)
Total Sale Proceeds to Lender	\$148,625.00		

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Loan Modification Proposal

Borrower Name: Jane Test **Years in Property:** 0
Property Address: 123 Sw 12 Ave **1st Loan #:** 103949489
Btown, CA. 93333 **2nd Loan #:**

Based upon the information presented, the requested Loan Modification and reduced monthly payment would allow the homeowners to meet the monthly payment obligation and remain in their home.

1. Per HUD Guidelines all Late Fees and associated Administrative costs should be waived.
2. All current and delinquent principal, interest, and escrow items will be capitalized into the modified principal balance.
3. The first payment shall be due on the following full month from the date of the modification approval.
4. Requested Principal Reduction to 100% LTV

Our Proposed Loan Modification Terms are:

	APR	PITIA	DTI	LTV
1st Mortgage	2.50%	\$1,428.64	25.74% (PITIA)	127.80%
2nd Mortgage	2.00%	\$257.40		34.00%
			30.38%	
Total		\$1,686.04		161.80%

We look forward to your prompt response and favorable decision to this mutually beneficial proposal to avoid bankruptcy and foreclosure costs for all parties and remove this heavy burden.

Sincerely,

Jane Test
123 Sw 12 Ave
Btown, CA. 93333

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LETTER OF HARDSHIP

I/We, **Jane Test** are requesting that **Lender, Servicer, PMI, Governmental guarantor or insurer, representing lawyer, or other party related to this case** review my financial situation to see if I/We qualify for any workout option.

I/We are having problems making my monthly payments because of financial difficulties created by:

- | | | |
|---|--|--|
| <input type="checkbox"/> Unemployment | <input checked="" type="checkbox"/> Reduced Income | <input type="checkbox"/> Divorce |
| <input type="checkbox"/> Separation | <input type="checkbox"/> Medical Bills | <input type="checkbox"/> Too Much Debt |
| <input type="checkbox"/> Death of my Spouse | <input type="checkbox"/> Death of a family member | <input checked="" type="checkbox"/> Payment Increase |
| <input type="checkbox"/> Business Failure | <input type="checkbox"/> Job Relocation | <input type="checkbox"/> Illness |
| <input type="checkbox"/> Damage to Property | <input type="checkbox"/> Military Service | <input type="checkbox"/> Incarceration |
| <input type="checkbox"/> Other (Please Specify) | | |

I/We believe that my/our situation is Temporary Permanent

Provide details of your situation on attached **Hardship Letter**, for example, (when did this happen? How did this happen?). If you need additional space, please provide information on a separate sheet of paper.

When I received this mortgage, my mortgage broker promised me a low fixed rate mortgage. When I arrived for the closing, my rate was relatively low; however, it was only fixed for a short time. At the closing table, my broker told me the lender would refinance me in two years and pressured me into signing the loan documents. At this time, my rate has gone way up and I cannot get a refinance. There is no equity in my home and the value has dropped tremendously. Please give us some relief with our interest rate. We cannot afford to lose our home that we have worked so hard to keep. Between the increased payment and this tough economy, I just don't see how I will be able to make ends meet without your assistance.

I have recently received a significant pay cut due to the current devastating economy. I used almost all of my savings and it is getting more and more difficult to stay up to date on my mortgage payment. As a result of the outlay in expenses and the bleeding dry of my money, I am struggling to make my mortgage payments. Kindly consider my current situation and provide me with the relief I need to stay afloat. I have every intention on making good on this loan; I just need some relief at this time.

I/We, state the information provided above to be true and correct to the best of my/our knowledge.

Borrower's Signature

Date

Qualification Summary

Did homeowner receive notice of foreclosure or default by bank or attorney? **No**

Has homeowner already received or tried to receive a modification/forbearance/work out from their bank? **Yes**

Please provide all details

Is the mortgage currently behind?

Total amount in Checking and Savings **\$4500**

How many people live in the property? **6**

How many are dependents? **4**

How many years have you lived in the property? **0**

Do you want to stay in this home? **Yes**

Is this home currently listed for sale? **No**

Is this home currently vacant? **No**

Is the home in serious need of repair? **Yes**

Please explain

Roof needs major repair

Did you close on the mortgage for this home before January 1, 2009? **Yes**

Are you self-employed? **No**

Do you have more than one property? **Yes**

Real Estate Cash Flow Worksheet

Please complete schedule of real estate owned for all properties you own or show on your credit profile in table provided below as Servicer/Lender may request documentation pertaining to all properties.

Property Address (enter S if Sold, PS if Pending Sale or R if Rental being held for income)	Type of Property	Amount of Mortgage & Liens	Gross Rental Income	Total Mortgage Payments	Insurance Taxes & Misc	Rental Income	Rental Loss
1)							
2)							
3)							
4)							
5)							
6)							
7)							
8)							
9)							
10)							
11)							
12)							
13)							
14)							
15)							

Type of Property: SFR: Single Family Resident | PUD: Planned Unit Development | Condo: Condominium | Units | Commercial | Land

Amount of Mortgage & Liens: Add your total existing mortgage balances or liens on property

Gross Rental Income: Estimated property's current market value

Total Mortgage Payments: Your total current mortgage payments. This may include Taxes and Insurance

Insurance Taxes & Miscellaneous: blank if payments are included in your mortgage payment. You may add HOA fee to this field if applicable

Rental Income: If Gross Rental Income is greater than Total Mortgage Expenses

Rental Loss: If Gross Rental Income is less than Total Mortgage Expenses

Form **4506-T**

(Rev. January 2008)
Department of the
Treasury Internal
Revenue Service

Request for Transcript of Tax Return

▶ **Do not sign this form unless all applicable lines have been completed. Read the instructions on page 2.**
▶ **Request may be rejected if the form is incomplete, illegible, or any required line was blank at the time of signature.**

OMB No. 1545-1872

Tip: Use Form 4506-T to order a transcript or other return information free of charge. See the product list below. You can also call 1-800-829-1040 to order a transcript. If you need a copy of your return, use **Form 4506**, Request for copy of Tax Return. There is a fee to get a copy of your return.

1a Name shown on tax return. If a joint return, enter the name shown first.
Jane Test

1b First social security number on tax return or employer identification number (see instructions)
_____ - ____ - _____

2a If a joint return, enter spouse's name shown on tax return

2b Second social security number if joint tax return
_____ - ____ - _____

3 Current name, address (including apt., room, or suite no.), city, state and ZIP code
Jane Test, 123 Sw 12 Ave, Btown, CA. 93333

4 Previous address shown on the last return filed if different from line 3

5 If the transcript or tax information is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number. The IRS has no control over what the third party does with tax information.

Caution: DO NOT SIGN this form if a third party requires you to complete Form 4506-T, and lines 6 and 9 are blank.

6 **Transcript requested.** Enter the tax form number here (1040, 1065, 1120, etc.) and check the appropriate box below. Enter only one tax form number per request. ▶ _____

a **Return Transcript**, which includes most of the line of a tax return as filed with the IRS. Transcripts are only available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120A, Form 1120H, Form 1120L, and Form 1120S. Return transcripts are available for the current year and returns processed during the prior 3 processing years. Most requests will be processed within 10 business days

b **Account Transcript**, which contains information on the financial status of the account, such as payments made on the account, penalty assessments, and adjustments made by you or the IRS after the return was filed. Return information is limited to items such as tax liability and estimated tax payments. Account transcripts are available for most returns. Most requests will be processed within 30 calendar days.

c **Record of Account**, which is a combination of line item information and later adjustments to the account. Available for current year and 3 prior tax years. Most requests will be processed within 30 calendar days.

7 **Verification of Nonfiling**, which is proof from the IRS that you **did not** file a return for the year. Most requests will be processed within 10 business days.

8 **Form W-2, Form 1099 series, or Form 5498 series transcript.** The IRS can provide a transcript that includes data from these information returns. State or local information is not included with the Form W-2 information. The IRS may be able to provide this transcript information for up to 10 years. Information for the current year is generally not available until the year after it is filed with the IRS. For example, W-2 information for 2006, filed in 2007, will not be available from the IRS until 2008. If you need W-2 information for retirement purposes, you should contact the Social Security Administration at 1-800-722-1213. Most requests will be processed within 45 days.

Caution If you need a copy of Form W-2 or Form 1099, you should first contact the payer. To get a copy of the Form W-2 or Form 1099 filed with your return, you must use Form 4506 and request a copy of your return, which includes all attachments.

9 **Year or period requested.** Enter the ending date of the year or period, using the mm/dd/yyyy format. If you are requesting more than four years or periods, you must attach another Form 4506-T. For requests relating to quarterly tax returns, such as Form 941, you must enter each quarter or tax period separately.
_____/_____/_____ / ____/_____/_____ / ____/_____/_____ / ____/_____/_____

Signature of taxpayers(s). I declare that I am either the taxpayer whose name is shown on line 12a or 2a, or a person authorized to obtain the tax information requested. If the request applies to a joint return, **either** husband or wife must sign. If signed by a corporate officer, partner, guardian, tax matters partner, executor, receiver, administrator, trustee, or party other than the taxpayer, I certify that I have the authority to execute Form 4506-T on behalf of the taxpayer.

Sign Here

▶ **Signature** (see instructions) _____ | **Date** _____

▶ **Title** (if line 1a above is a corporation, partnership, estate, or trust) _____

▶ **Spouse's signature** _____ | **Date** _____

Telephone number of taxpayer on line 1a or 2a
()