

“Your Real Estate Advisor”

INtro #5

WHAT THE HECK IS A “HARDSHIP PACKAGE”?



Brought to you by:

Home Ownership Matters Training Institute

Description:

In order to get a lender or servicer to consider a workout (including a short sale) the borrower is expected to submit substantial documentation about what caused their hardship, their current financial situation and any available resources. Cumulatively, this material is called a "Hardship Package". This infomercial shares the basic components of a hardship package so that you can at least be familiar with what to expect from a lender.

Objectives:

- 1. To educate the viewer about what to expect as a part of a "hardship package"**
- 2. To encourage full compliance with the request for materials**
- 3. To provide the viewer with resources for substantial help with the completion of a hardship package**

The Hardship Package

In order to determine if you are entitled to participate in certain loss mitigation options, the lender usually will require that you complete a hardship package. It is critical that you do this in a timely fashion and that you include all the items which they request. In order to give you a jump start on being prepared, We have compiled this list of items which are most commonly requested. It is recommended that you begin collecting these items immediately, especially since some of them may not currently be in your possession and may take you a while to get your hands on.

GOOD LUCK!



Documents/Paper

1. A hardship letter - provide a complete explanation of the hardship which led to your default, including a specific request for assistance.
2. Supporting Documentation - Any documentation to support hardship (i.e. letter from employer, medical records, notification of changes in disability or other income)
3. Federal Income Tax returns - Copy of the two most recent years' returns, COMPLETE WITH SCHEDULES and W-2's.



4. Bank statements- Copy of 3 most recent months' statements, checking, savings, mutual funds, etc.



5. Paycheck stubs - Copy of three most recent stubs for each borrower. Self-employed borrower three months Business Checking account statements and year-to-date Profit and Loss Statement required.



6. Disability, Unemployment, Retirement and/or Social Security - Copy of any benefits applied for or received. Include copy of check stubs for any and all that apply.

7. Junior lien holders - (may be a 2nd mortgage, tax lien or other obligation attached to the property). Either get a release and/or negotiate any junior lien balance outside the sales process, on your own.
8. Property taxes and insurance - Copy of either proof of PAID property taxes or property tax redemption calculation statement AND copy of the declaration page of the mortgaged property's homeowners' insurance policy.
9. Bankruptcy - If the borrower is in Chapter 7 or 13 bankruptcy proceedings, a letter from the Federal Bankruptcy Trustee allowing the sale or re-finance of the property is MANDATORY. If the borrower is discharged under Chapter 7 liquidation, a copy of the Discharge letter is MANDATORY. Borrower should also provide lender with the correct contact information for the attorney, including name, address and telephone number.



10. Other - Any other documentation which might be relevant to your current situation i.e.
- a. Expenses associated with the care of an elderly parent whom you have had to assume some responsibility for would be an example. Any increase in expenses (beyond your control) is as important as changes in your income.
 - b. Asset and Income Information



****** The lender cannot complete due diligence without ALL the documentation which they have requested. After receipt of ALL they need from you (the borrower) as well as any other parties involved (i.e. the appraiser), the Loss Mitigation will complete the analysis necessary to render its decision regarding any acceptance of a repayment workout/short sale.***

Why Is It Needed?

- To determine your current assets and liabilities
- To validate your ability to make a mortgage payment
Either at the current level or at a reduced amount
- To help them make a good business decision



Is it Necessary?

- Required by the Investor or Guarantor
- May be required by state or federal law
- Reasonable under the terms of the note as part of servicing
- Only if you want a workout



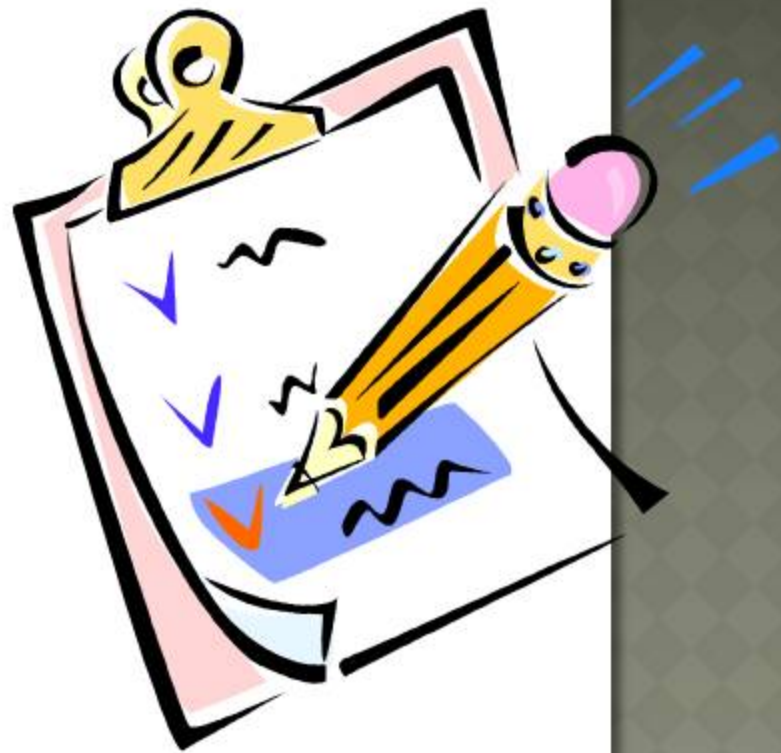
Recommended Strategies

- Honest
- Thorough
- Chronological



Recommended Strategies

- Address your situation from a business prospective
- Clear and Concise
- Document
- Legible



Resources:

Blog: www.HomeOwnershipMatters.Blogspot.com

Has numerous references on this subject which will be enlightening

Webinar: We are pleased to announce that a full webinar will be available soon at www.HomeOwnershipMatters.com

Register for: *Buying TIME Series* Webinars 11-15

Online:

- Insert the name of your servicer, before the words "hardship package", such as www.ChaseHardshipPackage.com
- Look under the type of loan you have, such as FHA hardship package
- Call directly to your servicer and request they send one to you

Websites You Might Check Out:

- <http://www.dsnews.com>
- <http://www.mortgagenewsdaily.com>
- <http://www.implod-o-meter.com>
- <http://www.hud.gov>



Partial List of Webinars Offered by HOM

Vol 01: Getting to the Closing Table

Vol 02: Is it Fraud or “just predatory”?

Vol 03: Brokers: Are Your Agents Putting You at Risk?

Vol 04: PALM—Practical Application of Loss Mitigation

Vol 05: Secrets of a Professional BPO

Vol 06: Fair Housing

Vol 07: Seller is the Lender

Vol 08: Short Sale: Not Your Typical Transaction

Vol 09: Foreclosure Intervention: Why Do You Need a Specialist?

Vol 10: Buying REO is Risky Business

The BT Series

Vol 11: Buying TIME—When Your Money is Running Out

Vol 12: Mr. Smitherman—The Connection for Your Housing Situation

Vol 13: Q W R—In Detail

Vol 14: Foreclosure: a PROCESS & an EVENT

Vol 15: Taking Charge of Your Housing Situation

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Survey

You can take the survey online at:

http://www.surveymonkey.com/s.aspx?sm=2M63rhmW180dRts721e_2f_21Q_3d_3d

Or fax this to (Toll Free): (877) 587-4507

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Thanks for your input, we really appreciate it!