

Home Loan Modification

If you are behind on your mortgage payments it is important to keep an open line of communication with your mortgage company. Talk to them. Explain your situation. Work with representatives to find a solution that will make it possible for you to keep your house and protect your credit rating.

Mortgage companies must make good faith efforts to establish live contact with delinquent borrowers. Once live contact has been established, the mortgage company must inform the borrower in writing of any loss mitigation options available, and assign a contact who can respond to the borrower's inquiries and provide assistance with the available loss mitigation options.

There are a variety of programs available to help borrowers resolve their delinquency and keep them in their home. For further information, please see the table below, or contact a HUD approved Homeownership Counseling Agency. To locate a HUD approved counseling agency in your area, contact the Michigan State Housing Development Authority (MSHDA) at www.michigan.gov/mshda or call 517-373-8370.

OPTION	OVERVIEW	BENEFIT
Refinance	Receive a new loan with lower interest rate or other favorable terms.	Makes your payment or terms more affordable.
Reinstatement	Pay the total amount you owe in a lump sum payment by a specific date. This may follow a forbearance plan as described below.	Allows you to avoid foreclosure by bringing your mortgage current if you can show you have funds that will become available at a specific date in the future.
Repayment Plan	Pay back your past-due payments together with your regular payments over an extended period of time.	Allows you time to catch up on late payments without having to come up with a lump sum.
Forbearance Plan	Make reduced mortgage payments or no mortgage payments for a specific period of time.	Have time to improve your financial situation and get back on your feet.
Modification	Receive modified terms of your mortgage to make it more affordable or manageable after successfully making the reduced payment during a "trial period" (i.e., completing a three [or four] month trial period plan).	Permanently modifies your mortgage so that your payments or terms are more manageable as a permanent solution to a long-term or permanent hardship.
Short Sale	Sell your home and pay off a portion of your mortgage balance when you owe more on the home than it is worth.	Allows you to transition out of your home without going through foreclosure. In some cases relocation assistance may be available.
Deed-in-Lieu of Foreclosure	Transfer the ownership of your property to the lender.	Allows you to transition out of your home without going through foreclosure. In some cases relocation assistance may be available. This is useful when there are no other liens on your property.

Homeowners who have had a financial hardship and are at risk of default or foreclosure may also qualify for the U.S. Department of Treasury's Hardest Hit Funds program. The Michigan Homeowner Assistance Nonprofit Housing Corporation (MHA) acting through MSHDA was created to oversee the distribution of these funds, and has designed forgivable loan programs to help homeowners with:

- Mortgage payment assistance for homeowners currently receiving Michigan unemployment compensation.
- Rescue funds for homeowners who have fallen behind in their mortgage payments or past due property tax payments due to no fault of their own.
- Federal matching funds for principal reductions for homeowners who can no longer afford their mortgage payments as a result of reduced income.

Michigan homeowners can apply directly at www.stepforwardmichigan.org or by calling 866-946-7432.