



**STARTING A MORTGAGE MEDIATION
MODIFICATION PROGRAM
IN BANKRUPTCY COURT**

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**IN THE FLORIDA PROGRAMS THE SUCCESS
RATE IN OBTAINING A MODIFICATION
WAS 70% IN 2013!**

*The program is streamlined to reduce costs,
save considerable time, and make it easier for
the parties to facilitate a loan modification.*

The Honorable Karen S. Jennemann,
Chief Judge of the Middle District of Florida

**Programs help facilitate requests for
mortgage modification**

Since the Great Recession, our Country has been facing a housing crisis the likes of which have never been seen before. In 2009, the Honorable Chief Judge **Cecelia Morris** for the Southern District of New York implemented a Loss Mitigation Program to assist Debtors pursuing loss mitigation options with their Lenders.

From there Bankruptcy Courts such as the Eastern District of New York, District of New Jersey and the District of Rhode Island also implemented similar loss mitigation programs. These programs contain strict deadlines and require status hearings with the Court to help keep the process on track.

In 2010, the Honorable Chief Judge **Karen S. Jennemann** of the Middle District of Florida implemented the Mortgage Modification Mediation Program with the same goal of facilitating loss mitigation

attempts focused on mortgage modifications in a smooth and timely manner. Soon thereafter, the Southern District of Florida and Northern District of Florida began programs.

In February of 2014, Florida held the first ever Statewide Mortgage Modification Mediation Summit. As a result, Florida now has uniform timelines throughout the State and the mandatory use of the DMM (Default Mitigation Management) portal, an effective tool that assists in exchanging documents and confidential communications.

The Florida model facilitates compliance from both debtors and lenders and maximizes judicial economy. The Eastern and Western Districts of Wisconsin, Western District of Pennsylvania, Southern District of Indiana and District of South Carolina now have mortgage mediation programs.

**MEDIATION
WORKS IN
BANKRUPTCY**



Bringing together judiciary and professionals with the goal to solve the national housing crisis, with Court oversight, makes the mortgage modification process work



The goal of a more uniformed process assists lenders in processing and training their mortgage modification personnel to effectively complete the process. The more modifications, the more homes that are saved, the more Chapter 13 filings, and increased revenue streams to the lenders benefit all parties concerned. All constituencies gain by partnering together under the auspices of the Judiciary.

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How the FL program works:

- 1) Debtor requests mediation by filing a short motion ([Click here to view](#)) requesting the Court to order the parties to mediation.
- 2) If the motion is filed within 90 days of the petition or conversion date the Court enters an order *ex parte*. If the motion is filed untimely, the court sets the motion for hearing and for good cause will grant the motion.
- 3) The MMM order ([Click here to view](#)) directs the parties to mediation with deadlines to:
 - The selection of a mediator within 14 days of the entry of the Order
 - The required use of the DMM portal to prevent lost documents and allows open confidential communication
 - Uploading of all financial applications and documentation as requested by the lender
 - To act in good faith
- 4) The mediation is held and a final report is filed by the mediator with the Court.
- 5) If the Debtor receives a modification a motion is filed to approve the agreement or if the Debtor's request is denied, the Debtor must amend or modify their plan within 60 days if they are in a Chapter 13 plan to provide for the contractual payment and cure arrearage or surrender the property.

The beauty of the mediation program is that even when a homeowner hears they were not approved for a modification they have had an opportunity to be heard and ask questions in the process.

The decline is much more palatable and in the end they know they were reviewed and did not receive an arbitrary answer.

Liz McCausland
BransonLaw 's primary
mediator



The Honorable Judge **Elizabeth S. Stong** from the Eastern District of New York really hit the mark when she spoke at the National Summit on Loss Mitigation in Chicago in October of 2014. She explained in her opening remarks that she was late because when she left the hotel from the NCBJ conference to come to the Summit she asked for directions.

She was told to walk down Michigan Avenue, cross the river and the hotel would be on the right. She did exactly that but the hotel was not there. She again asked for directions because she isn't one of "those" that is afraid to ask for directions. She followed the new directions but got lost again, she called her chambers where they *Googled* away and finally she found the hotel. She then explained, "THIS IS HOW DEBTORS FEEL AS THEY NAVIGATE REQUESTING A LOAN MODIFICATION."

In our programs we try and prevent this from happening. She also encouraged all that attended that if you are thinking of starting a program, **DO IT NOW!** They work!

Mortgage Modification Education ("MME") (press red link to connect)

[Go to MME Web Page](#)

is a company available to train attorneys, staff and mediators in the process. MME has been training attorneys, staff and mediators since 2011 primarily in Florida but also throughout the country how to effectively assist Debtors through the program. We have experienced debtor attorneys, creditor attorneys, certified mediators and Chapter 13 Trustees as speakers who have been involved in thousands of mediations and are passionate about saving homes.

If you have any questions about the Florida model please contact Robert and Tammy Branson at **Robert@bransonlaw.com** or **Tammy@bransonlaw.com**. We are hopeful that courts will adopt these programs and continue to help the millions of homeowners out there that still cannot afford their current mortgage payment.

How would you like to have a real time saving, error trapping electronic interactive PDF worksheet to qualify a client for a mortgage modification?

A PDF application á la MS Excel that handles within the form all necessary calculations, logic and *What If* analysis over differing scenarios of input data *all on the fly*

Amortization and all calculations from built in formulae

This form was designed with input from former bank underwriter, Lisa McCleary and with programming by Max Wyss, France max@prodok.com

Go to next page to view a sample form

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MME introduces **B&H LegalForms** new Qualification Analysis Worksheet for Mortgage Loan Modification

Qualification Analysis Worksheet for Mortgage Loan Modification

Borrower Name Detter Behind Borrower confirmed via Note
 Co-Borrower Name Madat Behind Co-Borrower confirmed via Note
 Co-Borrower is... Spouse Lender -- Select or Add Lender --
 Confirm if Loan with: **Fannie Mae** **Freddie Mac** Verified, Loan owned by Fannie Mae
 Property Address 1234 Along Blvd, Redemption, FL 33456
 Mortgage Type Interest only Use Type Principal Residence
 Monthly Gross Income \$1,200.00 C
 Co-Borrower's Gross Income \$1,000.00 C Exclude Co-Borrower's income
 Other Income (check to include in Gross Income) Total Monthly Gross Income \$3,325.00
 Note: Rent is weighted 75%; Social Security Untaxed is weighted 125%
 Social Security Untaxed \$500.00 31% of Total Monthly Gross Income \$1,030.75
 Contributor \$500.00 Current Monthly Payment \$1,500.00 C
 Insurance escrowed \$150.00 C
 Property Taxes escrowed \$125.00 C
 HOA \$100.00 C
 Other Expenses _____ C
 Total Monthly Payment \$1,600.00 C
 Making Homes Affordable Qualification Yes, CurPmt > 31% of MonGrossIncome by: \$469.25
 DTI 48.12% Market Value of Home \$180,000.00 Source Appraisal

Amortization over 360/480 Month Term (floor is 2%) Adjust Interest Rate
 - 1/8 % + 1/8 % Selected Loan Owner allows maximum 480 Months
 PRA-target Principal _____ Principal \$160,000.00 at Interest Rate of 2.000%
 PRA-req'd Forgiveness _____ Arrears \$56,500.00 Term (months) 480 Months
 PRA Forbearance 30.00% MTMLTV 120.28% Mortgage End Date 09/01/2036 ?
 Less Forgiveness _____ Balloon _____
 \$151,550.00 New Principal \$216,500.00 Payment desired _____
 Balloon required _____
\$458.93 Monthly Payment \$655.62 Comments
\$150.00 Insurance \$150.00
\$125.00 Property Taxes \$125.00
\$100.00 HOA \$100.00
 Other Expenses _____ Net Income _____
\$558.93 New Mod Monthly Total \$1,030.62 Less Expenses _____
16.81% New DTI 31.00% New Mod Difference _____
 PRA Difference _____