

SPECIAL
POINTS OF
INTEREST:

- 1 of every 5 homeowner owe more than home worth
- Lenders can also use forbearance or repayment plans
- Investment properties may qualify
- Unemployment may disqualify homeowners

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Loan Modification, The New Order?

It looks like loan modification seems to be all the buzz, but what does it mean to you as a home owner?. First and foremost, you do not have to pay anyone to get this done, you can do this yourself or with federal agency help.

With re-financing out of the picture for at least one out of every five homeowners (whose home is worth less than their mortgage), this is the only avenue left. In our February issue, *The Obama Home Rescue Plan*, loan modification is where the lender agrees to adjust the loan by lowering interest rate, loan duration, or the principal amount. Here are some facts about the process;

Tenancy Issues

For those of you with investment properties, here are some issues worth noting;

- *Effective July 1, 2008*, any investor who acquires property through foreclosure must give any tenant on the property a 60 day notice to vacate before the tenant can be forced to leave. Note that this law does not supersede rules

- The borrower shall prove considerable chance of repaying the loan, which means being employed.
- Unemployment makes modification very unlikely, unless one can show the lender another employment is imminent..
- It is for home owners who have experienced a significant change in income or expenses thus impacting their mortgage obligations.
- Borrowers who have taken far bigger obligation are not good candidates
- Investment properties even though officially are not qualified, lenders are extending their hands to this

group, after all it is to the lenders best interest.

- Even though the new plans welcome those current on their mortgage to apply, lenders are placing them at the bottom of the stack, thus encouraging them to default.

Also note that other avenues are available to the lender to help the homeowner such as forbearance (temporary suspension of mortgage obligation) and repayment plan. Now why hire one of those commercial purveyors? Most brokers have information about the local market that persuade lenders to act. But be careful, most are not registered by the Department of Real Estate.

-Al Som-Any, MBA, Broker

in rent control jurisdictions that require a longer notice, nor does it supersede statutes such as "Section 8" which also require more notice for eviction). In addition, effective September 8, 2008, whoever posts a notice of sale for a foreclosure must also post and mail a notice to the tenant informing the tenant of the right to the above described

60 day notice before they can be evicted.

- *Effective September 25, 2008*, a tenant may notify his/her landlord in writing that he/she or a household member was a victim of an act of domestic violence, sexual assault or stalking and therefore intends to terminate the tenancy.

Al Som-Any

