

## **FORECLOSURE MEDIATION**

For certain qualified individuals, a proven way to save your home from foreclosure and avoid bankruptcy is Foreclosure Mediation. Two (2) methods of Foreclosure Mediation are most often used by our law firm.

1. **Forbearance Agreement:** Under this agreement, your mortgage lender will agree to forbear from foreclosing on your property so long as you make up past due payments along with resuming regular monthly payments. Usually, payments will need to be approximately 150% of the regular monthly payments.
2. **Loan Modification:** In some circumstances, your mortgage lender will agree to recast the arrear ( past due payments) to the end of your loan. You must ultimately pay the monthly payments you missed with interest in order to pay off your loan; however, you are able to reinstate your loan by simply resuming the regular monthly payments.

**Documents Required:** For both a Forbearance Agreement and a Loan Modification, your mortgage lender will typically require the following:

1. **Verification of your Source of Income.** Usually, ninety (90) days of pay-stubs. Of course, the reason you have fallen behind on your mortgage may very well be because you lost a job. Under that common circumstance, whatever pay-stubs are available should suffice.
2. **Personal Financial Statement:** Each lender has their own particular standard form financial statement; however, all lenders require you disclose your assets, liabilities and monthly debt service other than your mortgage loan. Your attorney will assist you in completing the Personal Financial Statement.
3. **Letter of Hardship:** Your mortgage lender is interested in how you became behind and what change in your personal or financial affairs will allow you to make your mortgage payments in the future if given a second chance.