When a Servicer Is Unresponsive. When a servicer is unresponsive to a workout proposal, it is usually appropriate to appeal directly to the owner at risk—the entity that bears the risk of loss. It is a good idea to develop a database of names and contact numbers from different agencies and servicers. It is best to ask to speak with someone in “loss mitigation” or “workouts.” Contacts with helpful employees should be fostered and carefully maintained.

CALCULATING REINSTATEMENT AND PAYOFF AMOUNTS

The first step in arranging a workout is gathering some basic information about the loan. The following is a worksheet for recording and calculating this information. Only some of this information will be available from the homeowner, so it will be necessary to obtain information from the servicer as well. How to get information from the servicer is described later in this chapter.

<table>
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<th>Loan Information Worksheet</th>
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**Original Loan Terms**
- Principal Amount _______________
- Interest Rate _______________
- Loan Term (in months) _______________
- Principal and Interest Payment _______________
- Escrow Payment _______________
- Total Monthly Payment _______________

**Current Loan Terms**
At the time the homeowner seeks assistance, some loans (e.g., adjustable-rate loans) may have terms that have changed from the original loan terms.
- Current Interest Rate _______________
- Current Principal and Interest Payment _______________
- Current Escrow Payment _______________
- Current Total Monthly Payment _______________

**Arrears Calculation**
- Total Number of Missed Payments ______ × Amount of Each Payment ______
  (For loans with varying monthly payments, add all missed payments together)
- Late Charges (usually can be waived) _______________
- Foreclosure Fees _______________
- Foreclosure Costs _______________
- Other Fees or Costs* _______________
- Total Arrears _______________

*Be sure to scrutinize the amount claimed due for errors. See Chapter 14 for details.
Once the basic information about the mortgage loan has been obtained, the next step is to calculate the amount to reinstate the mortgage. By reinstating the mortgage, the homeowner brings the loan current, and can resume monthly payments. The amount to pay off the whole mortgage debt should also be calculated, as this figure is important when considering workout options such as a short sale or HUD’s Streamline refinance option.

How to Calculate the Reinstatement Amount

1. Multiply the number of months behind by the monthly payment amount.
   (Add amounts if payments are irregular.)

2. Add late fees and any additional accrued costs, if reasonable and justifiable.

For example:

- Months behind: 4
- Monthly payment of principal, interest, taxes, and insurance (PITI): $1,500
- Past-due payments ($1,500 x 4) = $6,000
- Late Fees ($50/month x 4): $200
- Foreclosure Fees: $600
- Foreclosure Costs: $150
- Inspection Fees: $50
- Total Reinstatement Amount: $7,000