

**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.

<b>Loan Information Worksheet</b>	
<b>Original Loan Terms</b>	
Principal Amount	_____
Interest Rate	_____
Loan Term (in months)	_____
Principal and Interest Payment	_____
Escrow Payment	_____
Total Monthly Payment	_____
<b>Current Loan Terms</b>	
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	_____
<b>Arrears Calculation</b>	
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.	

<b>Total Amount Due on the Loan</b>	
Unpaid Principal Balance	_____
Back Due Interest	_____
Delinquent Escrow Amount (property taxes, insurance)	_____
Late Charges	_____
Foreclosure Fees	_____
Foreclosure Costs	_____
Other Fees or Costs	_____
Total Amount Due on the Loan	_____
Modification Fee (if any)	_____
(Some workouts will require a modification fee. A request for waiver of any modification fee should be included in the workout proposal.)	
<b>Current Value of the Home</b>	_____

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.

<b>How to Calculate the Reinstatement Amount</b>	
<b>1.</b>	Multiply the number of months behind by the monthly payment amount. (Add amounts if payments are irregular.)
<b>2.</b>	Add late fees and any additional accrued costs, if reasonable and justifiable.
<b>For example:</b>	
Months behind:	4
Monthly payment of principal, interest, taxes, and insurance (PITI):	\$1,500
Past-due payments ( $\$1,500 \times 4$ ) =	\$6,000
Late Fees ( $\$50/\text{month} \times 4$ ):	\$ 200
Foreclosure Fees:	\$ 600
Foreclosure Costs:	\$ 150
Inspection Fees:	\$ 50
Total Reinstatement Amount:	\$7,000