

to come from the consumer," she says.

The key to success is to "clearly communicate your circumstances to the lender," Johnston says, "and have all the necessary documentation, including proof of income and a breakdown of your budget. Tell your story and be accurate."

Hehman echoes the importance of being accurate. "Where some clients go wrong," he says, "is thinking that if they make the situation sound more dire, the lender will be more likely to work something out."

But if you are in a dire situation and haven't done anything to bring expenses in line with your income, your modification may be rejected. The lender needs to see a budget for your payment schedule in the modification. So be realistic with the lender," Hehman emphasizes, "about what you're paying and spending."

Hang in there

The time it takes to get a modification approval varies considerably. No matter the time frame the lender tells you, be prepared to check back often until you get an answer.

Still, with persistence and patience, you may succeed in obtaining the loan modification you need. But beware solicitors who offer to help you save your house, for a hefty fee. "No legitimate housing counselor is out looking for delinquent borrowers," Johnston says. "There are a lot of scams out there. Be careful."

Instead, talk to a credit union lender or credit

counselor. We can work on a win-win solution together.

Useful resources

The National Foundation for Credit Counseling (NFCC) has a nationwide network of NFCC-certified housing counselors. Services are free. Call 800-388-2227 toll-free or visit nfcc.org to find a counselor near you.

The U.S. Department of Housing and Urban Development (HUD) also has a list of free HUD-approved housing counselors across the country. Call 800-569-4287 toll-free (call 7-1-35) or visit www.hud.gov.



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Mortgage Trouble? Visit Your Credit Union



Millions of American homeowners are lying awake nights wondering how they'll make their mortgage payments. Lurking nearby is the

If you're in trouble with your mortgage, talk to a credit union loan officer.

companion worry: Will we lose our home?

If you're in this situation because of job loss, medical bills, a subprime mortgage, or other misfortune, you might be a candidate for a credit union loan modification.

"Typically, loan modifications benefit people who have a long-term financial problem," notes Beverly Johnston, branch director at the Consumer Credit Counseling Service of St. Michael's in Pezeman.

Or, if you've fallen behind on mortgage payments to a traditional bank, your lender may suggest a loan modification. You'd agree to resume making payments, tacking on an extra amount each month to bring you up-to-date on payments in a short time.

But someone with long-term financial troubles won't have the money to catch up over a short time. Then, a loan modification is a better solution. The lender modifies the loan to lower the rate or stretch payments over more years, making payments more affordable. If you owe past-due payments, the lender rolls those into the loan, so you can pay back the overdue amount over the life of the mortgage.

Get help

If you're struggling to make payments on your credit union mortgage, talk to a credit union loan officer first. We also try to help members who are in trouble with mortgages they got from other lenders.

No matter where you got your mortgage, if you're having difficulties, "we recommend contacting your lender right away," Johnston says. "But most lenders don't offer loan modifications until you're 90 days past due." She adds that many consumers have

Types of mortgage assistance

Forbearance—An agreement between the lender and borrower to delay foreclosure. Forbearance can be a temporary leave of absence for people who've just lost their jobs or who've just resumed monthly payments and need an extra amount each month to bring the loan up-to-date.

Loan modification—A permanent change in one or more of the terms of a loan. Modification can help someone with *long-term* financial troubles who won't have the money to catch up over a short time. Modification results in a payment the borrower can afford.

Refinancing—An alteration in the monthly payment, either by changing the loan's interest rate or the term. A borrower may choose to "refinance" at a lower interest rate, may shorten repayment time, lengthen repayment time, or alter risk such as refinancing from an adjustable-rate to a fixed-rate mortgage. A refinance often may improve overall cash flow.

problems reaching the correct department—the loss mitigation department.

A housing counselor can help you navigate the process, says Scott Hehman, counseling services coordinator at CCCS of Mobile, Ala. Counselors are familiar with modification guidelines and can help keep the process on track.

"Many mortgage companies are overwhelmed with the volume of calls they're getting," Hehman says. "So you need to contact them every few days until you get something worked out. A lot of people lose faith and let it go. This is the first thing you can do."

Whether you've been cash-strapped or providing overtime, when you're laid off, for instance, if you're laid off and have no new employment, you may not be able to negotiate a modification. "Then we have to look at how you can get out of the house and salvage the equity you have," he says. "A third party can look at pros and cons" of various solutions.

Hehman also points out that modifications sometimes aren't approved the first time through. A counselor can review your numbers with you and help you reapply.

Make your case

To get a modification, you might contact the lender by phone first. But the lender also will request your story in writing, Johnston says. Many housing counselors have sample hardship letters to use as guides. "Usually lenders want the letter