

## Loss Mitigation Package Contents Tip Sheet

Document	Details
Hardship Statement	<ul style="list-style-type: none"> <li>• Clear and concise</li> <li>• Use servicer's form or Sample Hardship Letter</li> </ul>
Signed and dated Authorization Form	<ul style="list-style-type: none"> <li>• Use servicer form if specified</li> <li>• Use Standard Third Party Authorization found at <a href="http://hmpadmin.com">hmpadmin.com</a> for all others</li> </ul>
Income Documentation	<p>Includes:</p> <ul style="list-style-type: none"> <li>• Two pay stubs – if paid weekly may need to submit four weeks</li> <li>• Profit and Loss Statement</li> <li>• Statement letter for any benefits received</li> <li>• Rental income documentation, including copy of lease</li> <li>• Most recent statement for investment income such as savings, money market, CD, bond, stock, IRA, and 401k</li> <li>• Documents verifying the amount, duration, and frequency of payments for child or spousal support</li> </ul>
Budget Form or List of Household Expenses	<ul style="list-style-type: none"> <li>• Use client management system document unless a servicer's form is specified</li> </ul>
Bank Statements	<ul style="list-style-type: none"> <li>• Two months of bank statements for all accounts, including: savings, money market, CD, bond, stock, IRA, and 401k</li> <li>• Include all pages, even if blank</li> <li>• Submit mailed statements or PDF statements from online banking. Screen printouts from are not accepted</li> </ul>
Completed and signed IRS Form 4506	<ul style="list-style-type: none"> <li>• Signed and dated</li> <li>• If not required to file a tax return, submit a letter of explanation</li> </ul>
Federal tax returns	<ul style="list-style-type: none"> <li>• Returns must be submitted for ALL borrowers</li> <li>• Signed and dated with current date (If signed at time of filing, must re-sign and date)</li> <li>• Include all pages and all schedules</li> <li>• If extension was filed, submit IRS Form 4868</li> <li>• If not required to file a tax return, submit a letter of explanation</li> </ul>

## **LMA Review Checklist**

When reviewing the LMA for completion, the following items should be considered:

- Borrower name, address and contact information is completed
- Compare to mortgage note: Are all borrowers listed on note, listed on LMA?
  - If not, is a death certificate or divorce decree included in the homeowner's intake package?
  - If not included, add request for clarification to the Request for Additional Information
- Is the property address listed on the note and credit report the same as on the LMA?
- Is Section 1 completed and all questions answered?
- Is a reason for the hardship chosen?
- Is Section 3 completed and all questions answered?
- Are there notes for each loan listed on the LMA?
- Do the number of mortgage loans listed on the LMA match what is listed on the credit report?
- Are there income verifications for all income sources listed on the LMA?
- Does the debt information on the LMA match the debt information on the credit report?
- Does the household asset information match the credit report and the previous year's tax returns?
- Is there documentation for any other properties the homeowner may own?
- Is the signature line on the LMA completed?

### **Income and Expenses Worksheet Review**

- Income source and amount are complete and correspond to pay stubs and income awards and other proof of income provided
- Expense information is completed (No essential information has been disregarded. For instance, everyone eats, so there must be an amount in the food line)

**Sample: Loss Mitigation Package Cover Letter**

**Date**

Attention: Contact  
Servicer Company Name  
serviceremail@whatever.com  
Servicer address

**Loan(s) #** \_\_\_\_\_ **-1<sup>st</sup> mortgage/** \_\_\_\_\_ **- 2<sup>nd</sup> mortgage**

**Borrower Name:** \_\_\_\_\_

**Borrower Address:** \_\_\_\_\_

**CITY, STATE ZIP CODE:** \_\_\_\_\_

Please find attached a loss mitigation package for the above borrower. We have included a signed and completed Third Party Authorization. In addition you will find copies of the following documents:

- Signed and Completed RMA
- Signed and Completed 710
- Signed and Completed 710A
- Hardship Statement
- Expense Statement
- The two most recent pay stubs
- Profit and loss statement
- Benefit income documentation
- Rental income documentation
- Investment income documentation
- 4506T or 4506T EZ
- Signed and dated tax returns
- Last 2 months Bank Statements and asset statements, such as 401k statements
  
- \_\_\_\_\_
  
- \_\_\_\_\_

My contact information is:

We appreciate your time to review this package. Please notify us if you need further information,

Sincerely,

## Hardship Statement Sample

Date

Servicer Name

Address

RE: Loan Number \_\_\_\_\_

Borrower(s) Name(s)

Address

Dear \_\_\_\_\_,

I am submitting a loss mitigation package because I am:

- Interested in keeping my home                       Interested in pursuing a short sale

My hardship was caused by:

- Unemployment                       Medical                       Death  
 Underemployment                       Divorce                       Disability  
 Other \_\_\_\_\_

Hardship Status:

- My hardship has been resolved.                       My hardship has not been resolved.  
 I have worked with a counseling agency to address any budgetary issues.

Example of explanation

"In June of 2011, I lost my job. Over the months of July, August and September I struggled to make my monthly payment, but still succeeded. In October I no longer had any savings and even with cutting my spending, I was unable to make my mortgage payment. I have finally found new employment with a salary nearly comparable to my former income. I am certain I can return to making the payments but need assistance with my past due amount.

My contact information is found below.

Thank you for your consideration.

Sincerely,