**Transition Options Matrix**

| Situation | Loss Mitigation Options | Description |
|---|---|---|
| The homeowner can no longer afford their mortgage payments but have equity in their home | Full Sale | A sale of the property where the homeowner has enough equity to pay off all liens in full. |
| For homeowners with a conventional loan that can no longer afford their mortgage payments and don't have enough equity in their home to sell it and pay off all the lien holders. | Short Sale | A sale of the property where the homeowner doesn't have enough equity to pay off all the liens on the property and the lender(s) has agreed to accept the net proceeds of the sale to satisfy the lien. The homeowner may face a deficiency judgment or be required to repay the deficiency to the lender. |
| The homeowner is unable to sell the home, even at a short sale, and the lender wants to avoid a costly foreclosure and redemption period.<br><br>The homeowner is unable to sell and the home is in a high crime area or a quickly depreciating market. | Deed in Lieu | The homeowner transfers title of the home to the lender in lieu of a foreclosure sale. Typically requires the homeowner to attempt a sale of the property first. |
| The homeowner can no longer afford their mortgage payments and no other option was available or successful. | Foreclosure | The lender sells the property to recover its loan balance when the homeowner is no longer able to make the payments |

## Retention Options Matrix

| Situation | Loss Mitigation Option | Description |
|---|---|---|
| The homeowner's financial crisis has been resolved and the homeowner has the ability to make higher payments to bring the loan current | Repayment Plan | A written agreement between the borrower and the servicer where the borrower agrees to cure the delinquency by adding an additional amount to their monthly mortgage payment until the loan becomes current. |
| The homeowner's default is caused by a specific event that is temporary, such as unemployment or hospitalization.<br><br>The homeowner will be able to resume making payments when the crisis has ended. | Forbearance | An agreement to suspend or reduce normal monthly payments for a fixed period of time. At the end of the forbearance period, the borrower must cure the delinquency through a lump sum payment, repayment plan or modification. |
| The homeowner's financial crisis is resolved but the homeowner is unable to pay the delinquent amount in full and/or the homeowner's payments are not affordable but the homeowner would be able to afford a lower amount. | Modification | A written agreement that permanently changes one or more of the original terms of the loan, such as a rate, payment amount, maturity date, or the amount of the principal balance to cure the delinquency and make the payments affordable. |
| The homeowner's financial crisis is resolved for a homeowner with an insured conventional, RD or FHA loan and the homeowner is unable to afford a repayment plan or modification but can afford the monthly payments if the delinquency is cured. | Partial Claim (FHA Loan)<br><br>Recovery Advance (RD)<br><br>Advance Claim (Insured Conventional Loan) | Mortgage insurance company, RD or FHA advances claim funds to cure the delinquency. Homeowner signs a secured junior mortgage for the amount of the advance. For a conventional loan, there is typically no or a low interest rate and monthly payments. For an RD or FHA loan, it is a non-interest bearing loan with no payments. |

| Situation | Loss Mitigation Option | Description |
| --- | --- | --- |
| The homeowners are all 62 and older and have substantial equity in their home and are unable to resolve the financial crisis on their own. | Reverse Mortgage | A loan that uses the equity in the home to provide income to the homeowner, either in a lump sum or in monthly payments. |
| The homeowner isn't late on their payments but will be if the payments can't be reduced.<br><br>The homeowner has good credit and equity in their home. | Refinance | A new loan that achieves a lower payment. |