Explanation of Agreement Details Section of Mediator Report

The following is an explanation of the completion of mediation form's categories. Check all categories that apply:

☐ Reinstatement: The lender agrees that all amounts required to bring the loan current can be paid (including late fees, attorney fees, taxes, insurance, et cetera) and once these amounts are paid, the foreclosure will be dismissed and the homeowner will be back on the regular payment plan.

☐ Repayment Plan: An agreement to resume making the regular monthly payments, plus a portion of the past due payments each month until the homeowner is caught up (*i.e.,* the lender raises the monthly payment for a set period of time until the arrears amount is caught up).

☐ Forbearance Agreement: Forbearance agreements are plans that allow borrowers to repay a loan delinquency over time. Regular monthly payments are made according to the loan agreement, and an additional monthly payment is made each month that is applied to the delinquent amount. After a homeowner pays the delinquent amount in full the normal payment amount resumes. It fully reinstates the loan. A forbearance plan may include one or more of the following features: (a) suspension or reduction of payments for a period sufficient to allow the borrower to recover from the cause of default; (b) a period during which the borrower is only required to make his/her regular monthly mortgage payment before beginning to repay the arrearage; (c) a repayment period of at least six months and (d) allow reasonable foreclosure costs and late fees accrued prior to the execution of the forbearance agreement to be included as part of the repayment schedule. However, they frequently may only be collected after the loan has been reinstated through payment of all principal, interest and escrow advances.

☐ Extension Agreement: This is an agreement in which the homeowner pays a portion of the amount of the delinquency, and the remaining portion of the delinquent amount is added on the end of the loan (adding missed payments to the existing loan balance).

☐ Waiver Fees/Penalties: This is an agreement where the lender foregoes fees and penalties that have accrued under the terms of the loan documents.

☐ Loan Modification: An agreement that permanently changes one or more terms of the mortgage or changes the terms on a trial basis. For example, (1) ☐ amortization extended (*i.e.*, extending the number of years the homeowner has to repay the loan, such as, converting a 30-year loan to a 40-year loan), (2) ☐ ARM to fixed rate (*i.e.*, converting a sub-prime 2-, 3- 5-, 7-year ARM loan into a fixed rate loan, (3) ☐ interest rate reduction. (4) ☐ Principal Reduction: Loan principal is reduced. This may be possible if the homeowner has a negative amortization loan (the homeowner is paying less than is necessary to full amortize (payoff) the loan during the loan's term) and the lender is willing to reduce principal to the original loan amount. A principal reduction program may be agreed upon in exchange for a shared appreciation mortgage (SAM). A SAM is a fixed rate, fixed-term loan. In exchange for a lower interest rate, the homeowner agrees to give up a portion of the home's future value -- the difference between what it is worth now and what it will be worth in the future.

 Principal Forbearance: Forbearance of the repayment of part of the principal interest-free. The actual principal amount due and payable at maturity of the loan (or sale of the property) is the original unmodified principal amount, less any and all periodic principal payments that the homeowner make until maturity or sale. The loan payments only partially, not fully, amortize the loan. Contrast with Principal Reduction.

 Deed in Lieu of Foreclosure: With a deed in lieu of foreclosure, the homeowner voluntarily executes a deed conveying the property to the lender in exchange for the lender canceling, in full or partial satisfaction, the debt owed on the loan. The lender often will agree to forgive any deficiency (the amount of the loan that isn't covered by the sale proceeds) that remains after the house is sold. The lender will also agree not to initiate foreclosure proceedings or agree to terminate any initiated foreclosure action.

 Short sale: A sale for less than what the homeowner owe on the mortgage loan. Lenders may allow a home to be sold at a loss (consequently, the term short sale), because a short sale is nonetheless preferable to foreclosure. Foreclosure exposes lenders to potential substantial loss for litigation costs, carrying costs, including real estate taxes and insurance, and low forced sale bids or low resale prices. A short sale may be beneficial when a lender agrees to relieve the homeowner of liability for any deficiency (waive suing for a deficiency).

 Voluntary Surrender/ Cash for Keys: Lenders may offer a homeowner money to leave the home voluntarily without a post-foreclosure judgment eviction, if the house is in relatively good condition and undamaged.

 Other including:

 Loan Guarantee Partial Claim: If the mortgage is insured, the lender might help the homeowner with a one-time interest-free loan from the mortgage guarantor to bring the account current. The homeowner may be allowed to wait several years before repaying this loan.

 Time to Refinance: Provides the homeowner has a reasonable prospect of arranging to refinance the loan, the lender may agree to some period during which it will not schedule a sheriff's sale

 Reverse Mortgage: Reverse mortgages, or home equity conversion mortgage (HECM) loans, are commonly used to help senior citizens tap into their home equity for retirement. As a foreclosure prevention device, the homeowner generally needs to be age 62 or older and has adequate accumulated home equity.

 Mortgage Loan Assumption: Most mortgage loans include a "due on transfer" provision. If this provision is waived by the lender, it allows a qualified individual or entity to assume the loan's payment obligations. This is often used to facilitate the sale of the property to a third party. The original lender may or may not release the homeowner from personal liability on the note if the individual or entity assuming the loan's payment obligation defaults.