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## **Homeowners No Longer Forced to Default on Their Mortgages**

Ann Arbor, MI December 11, 2008 – “Up until this week, struggling homeowners who pay their mortgages on time have been left out in the cold without any form of mortgage relief,” said Gibran Nicholas, Chairman of the CMPS Institute, an organization that certifies mortgage bankers and brokers. “However, Fannie Mae announced on Monday, December 8, that effective immediately, struggling homeowners who pay mortgages on time will be eligible for loan modifications.”

Up until now, and despite numerous government efforts at tackling the mortgage and foreclosure crisis, loan modifications have only been available to homeowners who were already in default. “While noble in their efforts, the FDIC plan and all prior government efforts to help homeowners have been completely flawed because they have forced homeowners to be 60 or 90 days late on their payments in order to qualify for relief,” said Nicholas. “The new plan, while not perfect, at least removes the unreasonable requirement for homeowners to stop making their payments.”

Homeowners can download a sample loan modification request letter that incorporates the new Fannie Mae rules:

<http://www.cmps institute.org/pdf/SampleLoanModificationRequest.pdf>

“The major problem that still remains to be solved is negative homeowner equity,” said Nicholas. The new Fannie Mae rules allow servicers to modify interest rates and payment schedules, but they don’t allow servicers to reduce mortgage balances to be more in line with current home values. This means that homeowners still must be late on their payments in order to be eligible for mortgage balance reductions, and even then, lenders are still very reluctant to reduce the balances. “Recent stats have shown that over 50% of all loans that are modified go back into default within 6 months,” Nicholas said. “This is primarily due to the fact that most loan modifications do not involve principal reductions and homeowners are still left with debt burdens that exceed the value of their homes.”

More information and resources on this and other topics can be found here:

[http://www.cmps institute.org/professional/media\\_information](http://www.cmps institute.org/professional/media_information)

**About CMPS Institute:** CMPS is a training, examination, certification and ongoing membership program for financial professionals who provide mortgage and real estate equity advice. Recognized for its preeminence within the industry, the CMPS curriculum represents the core knowledge expected of residential mortgage advisors

regardless of the diversity of specializations within the industry. Over 5,500 financial professionals have gone through the program since its launch in 2005. For more information or to find a certified professional near you, please visit [www.CMPSInstitute.org](http://www.CMPSInstitute.org) or call 888.608.9800.

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