



## When Payment Difficulties Arise

### What are the options:

It is important to note that the Workout Options available to you may be limited dependent on the following factors:

1. the type of loan that you have
2. which investor holds your note, and
3. which mortgage insurance company insures your loan (if you carry mortgage insurance on your loan).

**Retention Options** are workout plans that can help you keep your property. These options are usually considered after you overcome the hardship that resulted in default on your loan. You might now have the ability to resume making regular monthly mortgage payments, but be unable to come up with the total amount past due. The following options are considered Retention Workout Options:

- **Special Forbearance/Forbearance Agreement:**  
A formal, written agreement between you and HSBC to reduce or suspend monthly payments for a pre-determined period of time. This will give you the opportunity to recover from your hardship. At the end of this time period we will review for further options to bring the account current.
- **Repayment Plan:**  
A formal, written agreement between you and HSBC in which we accept your regular mortgage payment and a portion of your arrears for a pre-determined period of time. These plans are designed to bring the account current over a period of time and avoid the initiation of foreclosure.
- **Stipulation Agreement:**  
A formal, written repayment agreement between you and HSBC to bring the account current after a foreclosure action has begun. The plan suspends the foreclosure action and is designed to bring the account current. The plan payments consist of your regular mortgage payment plus a portion of the arrears each month for a pre-determined period of time. These plans are designed to bring your account current over time. The foreclosure action would be cancelled if the plan were successfully completed.
- **Loan Modification:**  
A program in which a portion of the arrears may be added to your remaining principal balance, to bring the account current. It may also be possible to adjust the term of your loan and/or reduce your interest rate.
- **Claim Advance: (FHA loans or Conventional loans with Private Mortgage Insurance)**  
These plans allow for arrears to be cured by advances made by the insurer of your loan. The funds advanced by the insurer are used to bring your account current and you (as the homeowner) are obligated to repay the funds advanced. You may be required to sign a promissory note to repay the insurer through monthly installments or in one lump sum at a pre-determined time. On FHA loans this option would require an additional lien to be placed on the property.

**Liquidation Options** are workout plans that allow you to transfer ownership to the lender or to a third party for less than a full payoff. These options may be considered if you have suffered a hardship, are unable to financially recover, and have insufficient equity to sell your property and pay off the loan in full. The following options are considered Liquidation Workout Options:

- **Pre-Foreclosure Sale/Short Sale:**  
If your property value is not sufficient to pay the loan in full, HSBC may be able to accept less than the full amount owed. Sale proceeds are accepted as settlement for the debt. You may or may not be required to sign a promissory note for the difference or a portion of the difference.



- **Deed-in-Lieu of Foreclosure:**

This option allows you upon approval to deed your property to HSBC, the investor, or insurer as settlement in lieu of foreclosure. Property must be free of all other liens.