



TNLMA™ Setting the National Standard For The Loss Mitigation And Loan Modification Industry

The National Loss Mitigation Association ("TNLMA™") is the premier national association dedicated to promoting standardized practices in the loss mitigation industry, protecting the interests of loan modification clients and lobbying on behalf of companies in the loss mitigation industry during the development of public policy and regulation. Led by executives from the nation's top loss mitigation companies, TNLMA™ provides leadership in standards development and public policy advocacy.

More than six million American homeowners, according to recent estimates, face the loss of their homes in these hard economic times. Unfortunately, many of these homeowners are being preyed upon by unscrupulous, fraudulent and incompetent individuals and companies that have sprouted up like weeds.

The National Loss Mitigation Association ("TNLMA™") is a trade organization of reputable private companies whose primary purpose is to set high ethical and professional standards for "loss mitigation" companies. The American public deserves to be protected against "scam artists" who try to take advantage of homeowner fear.

Who is TNLMA?

The National Loss Mitigation Association is the premier national association dedicated to promoting standardized practices in the loss mitigation industry, protecting the interests of loan modification clients and lobbying on behalf of companies in the loss mitigation industry during the development of public policy and regulation. Led by executives from the nation's top loss mitigation companies, TNLMA(tm) provides leadership in standards development and public policy advocacy.

TNLMA(tm) membership is open only to Loss Mitigation companies who are committed to advancing standards and sound regulation. TNLMA(tm) believes that uniform adoption of standards of conduct and active education of policymakers for the loss mitigation industry is vital to the stability of the global economy.

The Executive Board for TNLMA(tm) is comprised of some of the most successful business entrepreneurs from the member companies. The Executive Board provides direction to the organization as it promotes industry-wide standards for ethical conduct, educates those shaping public policy and represents TNLMA(tm) member companies as regulation affecting the loss mitigation industry develops.



TNLMA™ Executive Summary

Why was TNLMA formed?

The formation of TNLMA(tm) was brought about due to a lack of understanding and proactive initiative on the part of federal and state agencies to strategically regulate, encourage and support the loss mitigation industry and loan modification companies.

Additionally, it became obvious that ethical and reputable loan modification companies were being bundled into a predatory category by many uneducated of the mainstream media and governmental agencies. One year later after the burgeoning of the loss mitigation industry, many government agencies and most of the mainstream media still believe that loan modifications come in a one-size-fits all and that a lender-offered free loan modification is the best loan modification that can be offered to a distressed borrower.

TNLMA(tm) is dedicated to educating the public that while banks and lenders are a critical component to our economic growth, they also played a key role in propagating the current economic crisis. One of the key educational initiatives tasked for TNLMA(tm) is getting governmental agencies and the mainstream media to understand that distressed borrowers need third party representation because the Lender does not represent the borrower's interests, rather the Lender represents

their own interests. Thus, a loan modification is not necessarily a good loan modification

Even more exasperating is the fact that some governmental agencies are more concerned with the fine print of licensing rather than the qualitative and competent aspects of providing loan modification services.

TNLMA Mission?

The National Loss Mitigation Association ("TNLMA(tm)") is a coalition of loss mitigation professionals that promotes good practice in the loss mitigation industry to protect the interests of the American homeowner and to represent loan modification companies in the development of policies and regulations.

The ethical members of the loss mitigation industry are facing a tremendous challenge because of unscrupulous loan modification companies who have accepted fees for work they did not perform. Lawyers, real estate agents, regulators and others are calling for strict regulations to prevent these predatory practices.

The TNLMA(tm)'s mission is to:

- Inform the public that these business predators do not represent the industry as a whole
- Demonstrate that ethical loan modification companies are providing an extremely valuable service by helping thousands of homeowners avoid foreclosure and keep their homes
- Promote integrity, ethical business practices and responsible regulation that inspires public confidence in the loss mitigation industry.



Why the Private Loan Modification Industry is necessary?

Because of a national financial crisis, millions of American homeowners face the loss of their homes, sometimes because they can no longer afford their payments and sometimes because they are "underwater" and owe more than their home is worth. Housing markets are glutted with foreclosed properties and banks and other lending institutions increasingly find it is in their own financial interest to renegotiate mortgages with the homeowner both as to the balance and terms.

Some homeowners are attempting to renegotiate directly with their lenders without assistance. But many more are turning to reputable "loss mitigation" companies who provide professional assistance to the renegotiating homeowner for a fee. The question arises: What value, if any, does the loss mitigation company provide his client?

A general answer starts with the recognition that the modern world, unfortunately, has become increasingly complex and specialized. For modern Americans, this has resulted in vastly greater wealth as well as opportunities for personal development unimaginable to earlier generations. The downside, however, is that this specialized American is more time constrained than ever and has neither the time nor the inclination to master every intricacy of modern life.

Why should a homeowner pay a loss mitigation company for assistance in keeping his most valuable asset? We might just as well challenge payment to a specialist for tax preparation assistance. Or payment to a golf pro. To cope in today's modern world, the average American requires the assistance of a multitude of different specialists.

There are many legitimate reasons why a homeowner would reasonably pay for the assistance of a loss mitigation company. First of all, there is a basic conflict of interest that a lending institution faces when dealing directly with a homeowner. It (the financial institution) has a fiduciary, binding legal duty to obtain the best terms possible - not for the homeowner - but for its shareholders! It would be sued if it didn't!

And how is the individual homeowner to know what is the best and most reasonable terms possible to obtain from that institution? And how is the average homeowner to know what facts pertinent to his situation are most likely to result in an advantageous agreement? Only the expertise and experience of the experienced and reputable loss mitigation company can supply the homeowner with these facts.

In conclusion, loss mitigation companies are providing Americans with a vital and necessary service. As they say, the proof is in the pudding. It is the miracle of the free market that loss mitigation companies have had the clairvoyance to detect the urgent need of consumers for expertise and help in connection with their most valuable asset; and to respond to that need. It would be a tragedy of epic proportions if overzealous regulators were to deprive Americans of the services of loss mitigation companies



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A conflict of interest between Banks & Borrowers?

Given that a mortgage is technically a contract between a borrower and a lender, the aspect of the borrower working directly with the borrower regarding a loan modification could be considered a direct conflict of interest. Since the lender

has a fiduciary obligation to their investors and stockholders, and not the borrower, the lender is rightfully required to mitigate their loss.

Why Loan Mod companies often get an unearned bad Rep?

There can be no doubt that the good Loan Modification companies truly expedite the modification process by documenting the financial scenario of the borrower and the value of the property, by helping structure sustainable modification terms, and by working hand-in-hand with the lender's proper decision-making channels.

Nevertheless, lenders' loan modification processes remain cumbersome, and media criticism too often focuses on Loan Modification companies as the cause of the delay.

Loan Modification companies face several major challenges including the lender's customer service or collections department being unaware that a Loan Modification company is working with their own Loss Mitigation department regarding one of their borrower's mortgages.

This causes major challenges in credibility when a lender representative tells one of their borrowers that their bank or lender is not working with this Loan Modification company or, even worse, that they do not work with Loan Modification company's at all. This can discredit the Loan Modification company instantly and place the Loan Modification company in the difficult position of having to re-establish credibility.

Why it is very difficult for the homeowner to deal directly with the lender.

Completing a loan modification is a labor-intensive tedious endeavor not for the faint of heart. It is daunting and time-consuming for a borrower to make it through the lender's organizational maze and their arsenal of automated telephone attendants. Having to deal with a succession of servicing personnel who lack the skill set and/or authority to help anyone requires uncommon motivation, persistence and time.

Compounding the problem, most lenders remain under-staffed in this arena, and are ill prepared for the onslaught of loan modification requests. Many lenders have

especially struggled to develop the systems and train their people to effectively manage loan modifications on an individual borrower-focused basis.



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Why Advance Fees are of benefit to the homeowner.

Loss mitigation companies provide a critical service in connection with the average consumer's largest asset, his home. Using their expertise and training, they give the consumer independent and invaluable help in the mortgage modification process.

In providing this help, these companies incur significant costs before the consumer's mortgage is ready to be modified. In comparison with a related consumer service, credit counseling, recent studies reveal that loss mitigation companies require up to 10 times the staff. The reason for the larger staff is the great demand and need for information gathering, and the processing and communication of this information, during the negotiating process... The number of hours required to gather information and then communicate this to financial institutions far exceeds what is expected and provided by credit counseling agency.

Loss mitigation companies must engage in repeated negotiations and actively monitor the customer's financial throughout the length of the program. All of these activities result in significantly greater time expended per account and a greater level of service performed.

Nearly all consumer service providers and professionals charge an advance fee.

Nearly all professions, from attorneys to accountants to personal trainers, charge advance fees. Why should loss mitigation companies be any different? The reason these other professions charge fees "up-front" is to avoid the risk of being "stiffed" at the end of a laboriously costly effort. Lawyers and accountants, and even personal trainers, don't usually provide outcome guarantees in connection with their work; they don't make customer payment contingent on success.

There is even less reason that payment to loss mitigation companies should be back-ended; if it was, consumers would have an incentive to "game" the system by rejecting an advantageous loan modification obtained, demanding the return of their fees, and then, independently, on their own, accepting the same deal.

Are non-profit organizations effective?

Non-profit organizations have played a critical and vital roll assisting distressed homeowners. There are many caring, and giving individuals who are truly committed to helping homeowners in hardship. Many have worked themselves to the bone trying to help.

Sadly this economic crisis is in pandemic form and all the good intentions and hard work has not been enough to stem the tide of the national housing crisis. Homeowners in distress need to have a clear understand of what to expect and not to expect from non-profit organizations.



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Typically a reputable non-profit organization is comprised of concerned and caring individuals who truly want to assist your hardship. From providing assistance with food, family programs, financial assistance, and personal one-on-one counseling, most non-profit agencies help fill an important need to families in hardship.

Unfortunately when it comes to potentially losing a home, this just isn't enough. Anyone assisting distressed homeowners, specifically with a loan modification, needs to be highly skilled and trained. Most non-profit organizations simply do not have the skill, the resources, and the man power to provide for an effective solution to handle anything but a small percentage of distressed homeowners.

Many non-profit agencies simply lack the skill and expertise to go beyond a simple introduction to your Lender, and if you are working directly with your Lender you will want to make sure you understand those risks as well.

Most non-profit agencies assisting distressed homeowners provide counseling and referral services, not loan modification services. Not to say counseling is not important for it certainly is, however these distressed homeowners need a real solution to save their greatest asset.