

Chapter 13 Mortgage Modification Mediation Program

The Chapter 13 Mortgage Modification Mediation Program is designed to help qualified Chapter 13 debtors keep their homes. The program is for debtors who cannot afford their current mortgage payments but have steady income that will let them make a modified payment. Debtors and lenders use an electronic “portal” (currently DMM Loss Mitigation) that facilitates communication between them. The program is entirely voluntary. Neither debtor nor lender is required to participate, and a mortgage will be modified only if both debtor and lender agree to the modification.

(This program uses DMM Loss Mitigation as the electronic portal because DMM is the only entity currently providing that service. If it later appears that other entities provide the same service, parties may use those entities.)

a. Qualifications to Participate

1. Only Chapter 13 debtors can participate.
2. Mediation is limited to mortgages on the debtor’s principal residence. Mortgages on second homes, investment properties, and business properties do not qualify.
3. The debtor must have steady income and during the mediation must be able and willing to make monthly payments to the lender during the mediation period equal either to (a) 31% of the debtor’s gross monthly income (minus any HOA fees) or (b) 80% of the current monthly mortgage payment plus the monthly escrow amount for taxes and insurance.
4. The debtor must be able and willing to pay the fees for the program as well as additional attorney’s fees (if the debtor has an attorney who represents the debtor in the mediation). The current document preparation fee is \$60, and the current portal submission fee is \$60. The current program management fee is \$600, of which the debtor must pay \$300.

b. Mediation Process

1. **Step One:** The debtor initiates the mediation by filing with the court a Notice of Intent to Participate in Mortgage Modification Mediation and serving it on the lender. A sample form Notice (LMM Form 1) is available [here](#).

The Notice should attach a Certification of Readiness from the debtor. A sample Certification (LMM Form 2) is available [here](#).

2. **Step Two:** If the debtor and lender agree to participate in the program, they should move for entry of an Agreed Order for Loan Modification Mediation. A sample form Agreed Order (LMM Form 3) is available [here](#).

- If the debtor’s plan *has not* been confirmed, section 8.1 of the plan should say that the debtor intends to pursue mortgage modification under the program and should provide for

treatment of the lender's claim during the mediation.

- If the debtor's plan *has* been confirmed, the debtor should move to modify the plan to provide in section 8.1 that the debtor intends to pursue mortgage modification under the program and to provide for treatment of the lender's claim during the mediation.

3. **Step Three:** If the debtor and lender agree to mediate, and if the mediation results in a modification of the mortgage, the debtor and lender should file a Joint Notice of Mortgage Modification setting forth the modified mortgage terms. A form Joint Notice (LMM Form 4) is available [here](#).

If the debtor's plan has been confirmed, the debtor should move to modify the plan so that it is consistent with the modified mortgage.

If the mediation is unsuccessful and does not result in a modification of the mortgage, the debtor or the lender should file a Notice of Termination of Loan Modification Mediation.