



# **Mortgage Modification Programs: The Flexible Turnkey Solution For Saving Time, Resources, and Homes**

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## Executive Summary

Bankruptcy courts already handle debtor mortgage issues, and are all too familiar with the challenges involved in confirming plans when debtors seek to modify a mortgage. Still, most courts do not have a structured program for facilitating mortgage modifications. Without a program in place, significant time and resources are misallocated, with courts left at the mercy of a process offering them little or no input or control. This approach is further susceptible to abuse, adversely affecting creditors and debtors – both of whom are left without a defaulted mortgage settlement. Bankruptcy mortgage modification programs and Default Mitigation Management tools solve these issues by providing a well-defined, easy to use, and easy to administer process that ensures both creditors and debtors are able to obtain mortgage resolutions with minimal court intervention.

## The Problem: Chasing Paper

Incomplete documentation and fragmented communications are at the core of most mortgage modification issues. This is because the loss mitigation process requires a complete loan re-underwriting which, in turn, mandates specific documentation be provided on a timely basis. To navigate these waters, one must be in constant communication with the right people at the right time. While no easy task, bankruptcy courts are ideally poised to provide the structure necessary for a successful mortgage modification.

In fact, bankruptcy courts already have informal mortgage modification programs in place, and are already tangled in the process – albeit passively – because outcomes directly affect the debtor's estate and the success of a bankruptcy plan. Without a program, courts spend time on mortgage issues and must wait on debtors and creditors to find a resolution without any input. Instead of focusing on substantive issues, the court is left to handle disputes involving missing paperwork and miscommunications, resulting in unnecessary delays.

The “no program” approach provides fertile ground for mortgage modification processes to be abused by debtors and creditors alike. Lacking transparency or supervision, it often becomes impossible for the court to know if either or both parties are playing by the rules and cooperating with one another in good faith to ensure the process moves toward a decision. Too often, the court is placed in the position of trying to resolve a “he said, she said” dispute with no evidence or authority to do so. This is not an efficient use of the court's time or resources and only exacerbates an already complex problem, as both debtor and creditor are delayed in finding a solution.

## The Solution: Court Program and DMM Tools

Default Mitigation Management's (DMM) Portal and docUmods provide the court with tools, the court adopts the program requirements, and together they make up the formal mortgage modification program complete with the necessary structure bankruptcy courts need to easily and effectively manage debtor mortgage issues. While the court program provides the necessary forum and rules of engagement, DMM's Portal and docUmods deliver the tools needed for all parties – debtor, creditor, mediator, and court – to seamlessly navigate the process. As a result, bankruptcy courts save time and resources while still assisting debtors and creditors in reaching an expedient resolution.



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## About the DMM Portal and docUmods

The DMM Portal is a secure web-based solution that lets debtors and creditors exchange documents and communicate seamlessly during the mortgage modification process. The Portal creates a complete historical archive of all actions taken by all parties, while court personnel and mediators can monitor progress and ensure compliance with rules and regulations. Similar to the court's ECF system, the Portal organizes documents and communications, making everything readily available in real-time.

DMM's docUmods streamlines and simplifies loan modification package preparation, providing an easy-to-follow, step-by-step wizard that guides users through the process by asking clear and understandable questions. Based on the answers provided, docUmods generates the requisite mortgage modification forms with precision and accuracy. Debtors need only sign and date.

## How Court Mortgage Modification Programs Work

While there is a great deal of flexibility in the process and in what a court adopts, the most successful programs adhere to the following basic process:

- 1** The debtor's attorney completes DMM's docUmods program, creating the debtor's standard mortgage mitigation package. This ensures that before requesting the court's assistance, the debtor's attorney is prepared to engage in the process. By using DMM's docUmods, all of the documents are prepared correctly and accurately, with even a novice user able to create a complete set of documents.
- 2** The debtor's attorney files a motion requesting to participate in the court's program.
- 3** The court reviews the motion and enters an order (allowing the creditor the opportunity to object). Some courts are entering ex-parte orders or using a negative notice process to expedite the process and minimize court involvement.
- 4** The debtor's attorney uploads all documents to the DMM Portal. The creditor, creditor's attorneys, mediators (if any), court personnel and trustees all have access.
- 5** The creditor and debtor follow DMM Portal's detailed workflow – reviewing, supplementing with required documentation, and communicating until a decision is rendered. All documents and communications are recorded and time/date stamped, providing the court and mediators with full access to the process. Mediator and court personnel are also able to communicate with all participants.

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# Benefits of a Bankruptcy Court Program

There are numerous benefits to a bankruptcy mortgage modification program.

**Turnkey Implementation** Several bankruptcy courts have already tested the waters and have provided a turnkey blueprint, making it easy and hassle-free for other courts to adopt a mortgage modification program. Everything from the General Administrative Order, program requirements and local forms have been drafted and can be tailored to fit a court's specific needs.

DMM Portal and docUmods set-up is equally hassle-free. In just a few hours, any court program can be established, taking full advantage of the nearly 300 mortgage servicers/creditors already registered and accepting submissions through the DMM Portal.

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**Greater Efficiency and Value** Bankruptcy mortgage modification programs provide a clear set of rules, and the DMM Portal and docUmods provide the tools to assist the parties in navigating and managing an otherwise complex mortgage modification process that moves along quickly and efficiently while minimizing court intervention. Cases that previously took years to resolve have been settled in a fraction of the time.

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**Built-in Guidelines** DMM's proprietary process allows DMM to build a custom profile for each lender within 24 hours. As a result, the debtor's attorney knows which documents and forms must be provided to the creditor before they even file their motion. This significantly reduces administrative effort and document rework.

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**Improved Accuracy** It's one thing to have the forms you need, but it's an entirely different matter to have them completed properly and accurately. Through DMM's docUmods program, the debtor's attorney can leverage DMM's decades' of experience and knowledge when preparing each package. Like TurboTax® for mortgage modifications, docUmods helps debtors answer simple and intuitive questions, returning to the user a completed set of required forms that only need to be signed and dated. Debtors cannot complete the process unless and until all required questions are answered. Using DMM's docUmods program, every form is completed with computer-precision and -accuracy. DMM's docUmods even provides a customized checklist of supporting documents needed to support a debtor's application.



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***Engagement  
Assurance and  
Enhanced  
Transparency***

Gone are the days when a debtor filed for mortgage modification but did not comply with the lender's documentation requirements and/or the lender failed to timely communicate with the debtor regarding missing documentation, leaving an open case for the court that never went anywhere while debtors and creditors cycled on the missing document merry-go-round. DMM's Portal eliminates the "I-sent-the-documents and I-didn't-get-the-documents" uncertainty. With the forms completed in docUmods before the motion is even filed, and the Portal's required document queues, courts can rest assured that debtors are serious about the process and ready to engage with the creditor in a meaningful review. Because all communications and documentation are tracked and archived on DMM's Portal, courts and mediators have full transparency into – and full control over – the process. Everything is centralized on the Portal and accessible at the click of a button. Users can even track whether or not another user has received and viewed a message or document.

***Real-time  
Communications***

DMM's Portal introduces a dedicated and direct communications channel between all stakeholders. Using the Portal, all parties are able to message one another at any time – and in real-time. All activity on the Portal also generates an email alert to relevant stakeholders, making certain that each user is instantly made aware when a file has been updated.

***Direct Line of  
Contact With All  
Stakeholders***

One of the greatest challenges with mortgage modifications is knowing where and to whom documentation should be sent and ensuring all of the parties requiring access to that information have it. But DMM's Portal solves this issue. The debtor's attorney only needs to know the name of the mortgage servicer, and DMM's Portal does the rest – routing the information and connecting all of the necessary parties based on the mortgage servicer's own instructions. DMM's Portal lets mortgage servicers provide immediate access of any file to any employee anywhere in the world, so there are no gaps in coverage.

***Comprehensive  
Data Archive***

DMM's Portal tracks all communications and submissions between debtor and creditor – from submission through resolution – to ensure both parties know the status of their submission at all times. This comprehensive, historical account archive is accessible around the clock and is also made available to the court along with any mediators assigned to the account.

***No Cost  
to the Court***

DMM's Portal and docUmods are web-based programs that are built on a reliable and scalable SaaS platform, requiring no hardware or software installation. There is absolutely no cost for court implementation. With DMM's robust and flexible architecture, setup can be completed in less than 24 hours. DMM's Portal only requires an Internet connection, web browser, and email address. The debtor's attorney is charged a nominal filing fee to use the DMM Portal and docUmods, which is processed at the time the new submission is made. This cost is typically a fraction of that spent on overnight packages to the lender.

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***Access to  
Hundreds of  
Mortgage  
Servicers***

Because DMM has been working with bankruptcy courts since 2008, nearly 300 mortgage servicers across the nation are already registered and trained to use it. A truly plug-and-play solution, DMM's Portal gives courts immediate access to all of these servicers without mortgage servicer setup or additional training required.

***Mortgage  
Servicers  
Support  
Program***

The nation's top mortgage servicers fully support bankruptcy mortgage modification programs because they standardize and organize an otherwise unwieldy process. Lenders would much rather resolve a defaulted loan than foreclose on a home because they are in the business of loaning money and servicing those loans, not owning homes. However, in order to do this, lenders need clear rules and systems to administer them. A complete mortgage modification program that uses DMM's tools offers just that.

***Court/  
Mediator  
Access and  
Tracking***

DMM's Portal gives court personnel and mediators unlimited access to all submissions and full transparency into the debtor-creditor process. Quickly and efficiently, the court and/or mediator can verify that each party is doing what is required. With such oversight, both parties are more incentivized to play by the rules.

***Ease of Use***

DMM's Portal and docUmods are wizard-based platforms that walk parties through the step-by-step process – from submission through resolution. DMM also provides live, on-site and online training to users.

***Increased  
Bankruptcy  
Filings***

Bankruptcy courts that have adopted mortgage modification programs are reporting an increase in bankruptcy filings (especially Chapter 13) while filings nationwide are down; many believe this is a direct result of mortgage modification programs. Bankruptcy court programs are a great opportunity for debtors' attorneys to present a solution to their clients that does not exist anywhere else.

***Customized to  
Fit Court Needs***

Although DMM's platforms are flexible, robust, and built to work with virtually any program out-of-the-box, DMM recognizes that each court is unique. When adjustments are needed to accommodate the specific needs of a court's program, DMM has and will continue to customize its platform for each court at no cost. The DMM Portal can be designed to meet any court's precise requirements.

***Servicer  
Transfers***

Too often, a debtor learns that his mortgage servicing rights have been sold to another mortgage servicer after having spent months submitting documents to the original servicer. As a result, the debtor must start all over again. Using DMM's Portal, though, the entire file is retained complete with all of its documents, notes, and history. With a click of a button, data can be transferred quickly and efficiently to the new servicer. Using DMM's Portal, the new servicer can easily resume the review where the prior servicer left off.

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***Fairness and  
Neutrality***

The Portal was developed by DMM in conjunction with the "Mortgage Issues Liaison Committee" of the National Association of Chapter Thirteen Trustees. During this process, input was obtained from all stakeholders including debtors, creditors, courts and mediators. DMM is truly neutral, delivers a fair and complete process for all parties, and has received no funding from any outside sources, unlike other portals that claim neutrality, but are funded by some of the largest financial institutions - with their primary interests in mind.

***DMM for  
Non-bankruptcy  
Courts***

While bankruptcy courts have been the first to adopt DMM's Portal and docUmods, they can also be implemented to facilitate mortgage modifications in any setting and in any court proceeding. With a properly structured program and DMM's tools, mortgage modifications can be readily achieved.

## Conclusion

Courts across the country struggle to manage their dockets while borrowers and lenders engage one another in a loan modification process that is disjointed and lacks transparency. As a result, precious judicial resources are squandered as courts are forced to deal with the consequences of this flawed approach over which they have little control. But, more and more bankruptcy courts are demonstrating that a well-structured mortgage modification program combined with the right tools, such as the DMM Portal and docUmods, can cut cost, free resources, and save homes. These programs are helping borrowers and lenders more efficiently and successfully resolve matters among themselves with little to no court involvement, substantially benefiting the court, the debtor, and the creditor.

## About Default Mitigation Management (DMM)

Default Mitigation Management LLC (DMM) specializes in loan modifications. DMM pioneered online loss mitigation, built the first loan modification portal, and launched the most comprehensive document preparation system. DMM has a longstanding reputation for helping courts redefine the mortgage modification process by focusing on and addressing the needs of all stakeholders in the process.

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