

# 51<sup>st</sup> Annual Mortgage Lending Institute

Loan Modification Agreements  
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## Commercial Mortgage Loan Modifications



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## Events leading to loan modification

- Loan maturity without ability to payoff or refinance
- Event of default remaining uncured



## Remedies

- Foreclose





## Remedies

- Deed in Lieu  
(hand in keys)



## Remedies

- Work it out





# Loan Modification Agreement

- Memorializes agreement to amend a loan to:
  - Extend maturity date
  - Change interest rate
  - Pay expenses
  - Pay forbearance fee or modification fee
  - Pay down principal
  - Provide additional collateral
- Enables the loan to stay in place

## Other agreements on the modification map

- Pre-negotiation letter
  - Ensure borrower performs timely and in good faith
- Forbearance agreement (standstill agreement)
  - Ensure lender does not exercise remedy of foreclosure
  - Allow sufficient time to complete
    - due diligence
    - modification negotiations
    - execution of documents



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