

Real Property Loan Loss Mitigation Management Program Procedures (LMM)

United States Bankruptcy Court, Central District of California

Revised February 2024

I. Legal Authority, Title, Purpose, Parties

- A. **Regulation X, Loss Mitigation Procedures.** The United States Congress created procedures to follow when parties seek to mitigate losses when a real estate loan is in distress, namely 12 CFR 1024 (Regulation X, Loss Mitigation Procedures). While in bankruptcy court, it can be difficult for the parties to invoke and comply with these statutory requirements in conjunction with relevant provisions of the Bankruptcy Code (“Code”) and Federal Rules of Bankruptcy Procedure (“FRBP”).
- B. **Title of Program.** The title of this program is the Loan Modification Management Program (“LMM” or “LMM Program”) as implemented in the Central District of California (“USBC-CD”) within regulations referred to above, and within our Local Bankruptcy Rules (“LBR”).
- C. **Purpose of LMM.** The LMM is managed by a vendor approved by the USBC-CD and is a forum for debtors and creditors to reach a consensual resolution – or loss mitigation -- when a debtor’s Eligible Property is at risk of foreclosure related to a creditor’s Eligible Loan. Loss mitigation means the full range of solutions that may prevent either the loss of a Debtor’s Eligible Property to foreclosure, increased costs to the Creditor, or both, including but not limited to, loan modification, loan refinance, forbearance, short sale, or surrender of the Eligible Property in full satisfaction of obligations arising under an Eligible Loan. The goal of the LMM is to facilitate communication and exchange of information in a confidential setting and encourage the parties to finalize a feasible and beneficial agreement under Court supervision.

D. Parties to LMM

1. **Eligible Debtor** means any individual debtor or joint debtor in a case filed under Chapter 7, 11, 12 or 13 of the Bankruptcy Code who has paid in full their bankruptcy case filing fee and is a borrower in an Eligible Loan on Eligible Property. The term “Debtor” may mean the debtor’s attorney (if represented) unless the context requires otherwise. Where a debtor is not represented by an attorney, the term “Debtor” may also mean self-represented debtor.
2. **Self-Represented Debtor** is an Eligible Debtor who is not represented by an attorney.
3. **Creditor** means the current beneficiary and payee or holder of the promissory note secured by the deed of trust of the Eligible Loan and/or its mortgage servicing agent of the holder, servicer or trustee of an Eligible Loan.
4. **Co-debtors, Additional Creditors, Third Parties.** The participation of a co-debtor, co-obligor, guarantors, or other third party may be necessary for the LMM to be effective. Any party may request, or the Court may direct, that such party participate in loss mitigation, to the extent that the Court has jurisdiction over the party. All borrowers on a note are required to agree to the limited jurisdiction of the Court for purposes of participation in the LMM.
5. **Trustee.** A trustee may participate in the LMM to the extent such participation is consistent with the Trustee’s duties under the Bankruptcy Code, FRBP, or LBR.

6. Program Manager is an independent, nonpartisan organization that has skill and experience in bankruptcy loss mitigation and has been approved by the Court to assist with managing the LMM. Without limiting the generality of the foregoing, the Program Manager has:
 - a. extensive knowledge of the forms and supporting documents required by Creditors to complete a loss mitigation analysis;
 - b. extensive understanding of various loss mitigation programs offered by Creditors and the terms of their availability to Debtors;
 - c. access to the Document Preparation System; and
 - d. access to the Portal.

Program Manager may retain skilled mediators and loss mitigation experts to help carry out Program's LMM duties, at no additional cost to the Debtor or Creditor.

7. Required Parties means any of the parties listed here in section I, subsection D.
8. Presiding Judge means a bankruptcy judge who participates in the LMM Program and is either (a) the judge who was assigned the Debtor's bankruptcy case, or (2) a judge who the court assigns to preside when documents are filed and orders are lodged with the court.

II. **Property & Loan, Portal & Software, Documents & Forms; Payments & Fees**

A. **Property & Loan**

1. Eligible Property means any real property in which the Debtor is obligated under either the Note, Deed of Trust, or both.
2. Eligible Loan means any loan, lien or extension of money or credit secured by Eligible Property, regardless of whether the loan is considered to be non-traditional, was in foreclosure prior to the bankruptcy filing, is the first or junior deed of trust or lien on the Eligible Property, and/or has been pooled, securitized or assigned to a creditor or trustee.

B. **Portal & Software**

1. Portal is a secure internet website maintained and operated by the Program Manager that allows LMM documents and communications to be submitted, retrieved and tracked between the Required Parties and is also accessible by the Court, trustees, and the Program Manager. Submitting documents in the Portal provides transparency in the LMM process by making information immediately available to all parties. To ensure Required Parties may obtain Portal access in a timely manner, registration on the Portal can be completed in three (3) business days.
2. Document Preparation Software is a secure online program maintained and operated by the Program Manager; it facilitates preparation of Creditor's Initial LMM Package by populating Standard LMM Initial Review Documents and generating a customized checklist of required additional forms and supporting documents that a Debtor needs to start a loss mitigation review with the Creditor. Use of the Document Preparation Software ensures that the initial submission to Creditor is complete and accurate and should expedite Creditor's review.

3. Good Faith by Debtor. Debtor's submission of documents in the Portal prior to filing a Motion to Commence the LMM Resolution Period signifies to the Court and Creditor that the Debtor is prepared to engage in the LMM in good faith and provide necessary information to Creditor.

C. Documents & Forms

1. Standard LMM Initial Review Documents are, collectively, industry standard forms that are generally required by Creditors to initiate a review of a Debtor's loss mitigation options:
 - a. Request for Mortgage Assistance
 - b. Uniform Borrower Assistance Form (Form 710)
 - c. IRS Form 4506-C
 - d. Hardship Letter
 - e. Dodd-Frank Certification
2. Creditor's Initial LMM Package is, collectively, the Standard LMM Initial Review Documents and all forms/supporting information the Creditor requires to begin to assess the Debtor's loss mitigation options. *See below* at III.B.2, Stage Two, Creditor Duties.
3. Debtor's Initial LMM Package is, collectively, the documents, forms and other information the Debtor initially provided to the Creditor.
4. Required LMM Forms are forms listed in the table at the end of this document that are prepared, served and filed at specific stages in the LMM.

D. Debtor's Ongoing Payments; Approved Fees

1. Debtor Payments. In Chapter 13 cases, any Debtor participating in the LMM Program must make payments due to Creditor through the Chapter 13 Trustee including, but not limited to, adequate protection payments, trial modification payments, and final modification payments.
2. LMM Fees – *Fee amounts are posted on the Portal*
 - a. Portal Submission Fee is a nonrefundable fee paid by a Debtor online at the time of submission of Debtor's Initial LMM Package.
 - b. Document Preparation Software Fee is a nonrefundable fee paid by a Debtor online when the Document Preparation Software is completed and documents are ready to be downloaded.
 - c. Self-Represented Document Preparation Fee is a fee paid by a Self-Represented Debtor and is paid to the document assistant assigned to the Self-Represented Debtor.
 - d. Program Manager's Fee is a nonrefundable fee that is divided equally among the Debtor and the Creditor and paid directly to the Program Manager (1) by the Debtor when the Debtor submits the Debtor's Initial LMM Package, and (2) by the Creditor within seven days after the Debtor submits Debtor's completed Initial LMM Package on the Portal.

3. Debtor's Attorney Fees

a. Compensation for Debtor's Counsel. Counsel for the debtor is entitled to receive reasonable compensation as an administrative expense as for all work involved in connection with the LMM process. Counsel must file a fee application and seek either a presumptively reasonable fee (\$2,500) or a different amount if detailed in a billing statement. Chapter 13 attorneys must also comply with LBR 3015-1(v). Services that must be provided as part of the presumptively reasonable fee include:

- Preparation of the Debtor's Initial LMM Package
- Submission of all documentation through the Portal
- Preparation of any additional forms which may be required throughout the LMM
- Communicating with Creditor and Program Manager, including communications through the Portal;
- Attendance at LMM Conferences, any scheduled mediation sessions, and at Court hearings; and
- Filing and service of a Motion to Commence, Motion to Approve Trial Loan Modification Agreement, Motion to Approve Final Loan Modification Agreement, Motion to Approve LMM Resolution that is not a Loan Modification, and lodging related orders.

Services that must be provided, but that qualify for fees in addition to the presumptively reasonable fee, include filing amended Schedules I and J and filing a motion to modify chapter 13 plan and lodging the related order.

4. Creditor Fees. If a proposed LMM resolution provides for Creditor to receive payment or reimbursement of any fee, cost or charge arising from the LMM, these must be disclosed to the Debtor prior to approval of the resolution. Creditor's counsel may be entitled to a reasonable fee for all work involved with the LMM and must clearly delineate such fee in any agreement that sets forth the LMM resolution or by amended proof of claim.

III. **Three Stages in the LMM Program**

The LMM Program is structured in three stages with specific goals, duties, procedures and required court forms in each stage. The three stages are (1) Debtor Confirms Eligibility and Establishes Good Faith; (2) Parties Cooperate to Achieve a Resolution; and (3) Implementing the Resolution.

A. Stage One: Debtor Confirms Eligibility and Establishes Good Faith

1. Readiness to Pay LMM Fees. Debtor must be ready to pay the LMM Portal Submission Fee, the Document Preparation Software Fee, and Debtor's portion of the Program Manager's Fee.
2. Confirm Eligibility.
 - a. *Review Standards.*

Debtor must review form **LMM 2a.MOTION.COMMENCE.LMM.PROGRAM** ("Motion to Commence") and confirm that Debtor meets the standards of paragraph 7 in the Motion to Commence. For chapter 13 debtors, eligibility also means Debtor has complied with LBR requirements for plan preparation, confirmation, and payments.

- b. *Prior Relief From Stay Order.* If (1) an order granting a motion for relief from stay as to the Eligible Property will be entered prior to the Debtor being ready to file a Motion to Commence (“Prior RFS Order”), **and** (2) an order entered staying execution of the Prior RFS Order has not been entered, before a Debtor may file a Motion to Commence, the Debtor must file a motion for permission to file a Motion to Commence and serve it on the Creditor under either LBR 9013-1(d) or (o) (“Motion for Permission”). Until an order is entered granting a Motion for Permission, the Creditor is not stayed from proceeding with its rights and remedies under loan documents and applicable law unless an order is in effect staying such proceedings.
3. Complete Document Preparation Software; Fees. Debtor must register on the Portal, complete all forms using the Document Preparation Software and obtain a certificate of completion, and pay the Document Preparation Software Fee directly to the Document Preparation Software vendor. Debtor’s Initial LMM Package must be completed and ready to be signed.
4. Program Manager Assistance for Self-Represented Debtors. In the event a Self-Represented Debtor needs assistance to prepare Debtor’s Initial LMM Package, a Self-Represented Debtor may submit to the Program Manager the form **LMM 1a.DEBTOR.REQUEST.ASSISTANCE** by posting it in the Portal, and pay to the Program Manager a *Self-Represented Document Preparation Fee* instead of the Document Preparation Software fee.
- a. Document Assistance. Within five (5) business days of receiving a Request for LMM Assistance and the *Self-Represented Document Preparation Fee*, the Program Manager must assign a document assistant who will contact the *Self-Represented Debtor* and assist the *Self-Represented Debtor* in preparing and completing the Initial LMM Package.
- b. Self-Represented Debtor Obligations.
- i. **Cooperate.** *Self-Represented Debtor* must cooperate with the document assistant to provide information and documentation to timely complete Debtor’s Initial LMM Package. Without limiting the generality of the foregoing, *Self-Represented Debtor* must promptly respond to all requests for information and documentation from the document assistant.
- ii. **Translator.** In the event a Self-Represented Debtor needs a language translator, the *Self-Represented Debtor* is responsible for providing a translator at the *Self-Represented Debtor*’s own expense in the event a translator is necessary.
- iii. **Failure to Participate.** In the event a *Self-Represented Debtor* fails to cooperate or perform any obligation as determined by the Program Manager acting in good faith, the Program Manager may cancel the Request for LMM Assistance by posting in the Portal a form **LMM 1b.NOTICE.TERMINATION.ASSISTANCE**, which will contain the reasons why Program Manager canceled the Request for LMM Assistance. The *Self-Represented Debtor* may attempt to participate in the LMM Program without the assistance initially requested.
5. Filing a Motion to Commence the LMM Resolution Period (“Motion to Commence”)
- a. Who May File. Generally, the Debtor serves and files the Motion to Commence; however, the Creditor may file the Motion to Commence as well. *See table of forms below for the form titled: LMM 2a.MOTION.COMMENCE.LMM.PROGRAM*

- b. LBR 9013-1(o); Notice; Proof of Service.
- i. **Filing and Service.** The Motion to Commence already includes the Notice of Motion and must be filed and served using the procedure of LBR 9013-1(o). The motion is governed by FRBP 9013 but must be served under FRBP 7004.
 - ii. **Proof of Service.** The Proof of Service must include service on the Debtor, counsel for the Debtor, the Creditor, counsel for the Creditor, any case trustee, and all other creditors whose claims are secured by liens on the Eligible Property. Service on the Creditor and any other lienholders must be at the address provided on a Proof of Claim (“POC”) filed in the current bankruptcy case; if a POC has not been filed in the current bankruptcy case, then the address that must be used is an address provided in a POC filed in one of the Debtor’s prior bankruptcy cases. If no POC has been filed in any of Debtor’s bankruptcy cases, the Debtor must make an effort to deliver a copy of the Motion to Commence via email and regular mail to counsel for the Creditor, if known.
- c. Opportunity to Object. Pursuant to LBR 9013-1(o), the deadline to file an objection is fourteen (14) days from the service of the Motion to Commence, plus three (3) additional days if notice is by mail. Any objection includes objecting to the Debtor’s proposed adequate protection payment, and must comply with LBR 9013-1(f) and, if a hearing is requested, with LBR 9013-1(o)(4). *See table of forms below for the form titled:*
F 9013-1.3.OPPOSITION.REQ.HEARING
- d. No Objection. If no party timely files and serves an objection, the party who filed the Motion to Commence must comply with LBR 9013-1(o)(3) and file the court form declaration and lodge the form order. *See table of forms below for the forms titled:*
F 9013-1.2.NO.REQUEST.HEARING.DEC and
LMM 2b.ORDER.COMMENCE.LMM
- e. Entry and Service of Court Order. Regardless of whether the court grants or denies the Motion to Commence, after an order is entered, the moving party must serve a copy of the Order Granting Motion to Commence using the methods required under FRBP 7005. on the Required Parties and file a Proof of Service in accordance with LBR 9013-3. *See table of forms below for the form titled* **F 9013-3.1.PROOF.SERVICE**

B. Stage Two: Parties Negotiate to Reach a Resolution

1. General Duties for All Parties. After an Order Granting Motion to Commence is entered, the following duties must be performed:
 - a. Good Faith Requirement. The Required Parties must act in good faith throughout the entirety of the LMM Resolution Period, including but not limited to, complying with all deadlines set forth in the Order Granting Motion to Commence, promptly responding to all inquiries through the Portal, and providing all requested documentation and information. A party failing to participate in good faith may be subject to sanctions and/or entry of an order vacating the Order Granting Motion to Commence after notice and a hearing.

- b. Deadline; Extension. Any deadlines set forth in the Order Granting Motion to Commence may be extended by court-approved stipulation of the parties or a court order after a Required Party requests an extension by motion filed and served under LBR 9013-1(o).
- c. Communication through Portal. During the LMM Resolution Period, unless otherwise permitted by the Court, all material communications between the Required Parties shall be conducted exclusively through the Portal; provided, however, any litigated matters incidental to LMM conferences and/or mediation shall be considered as separate matters not subject to the Portal requirement. (For example, a motion to compel mediation or motions related to discovery must be filed in the main bankruptcy case, not through the Portal).
- d. Authorized Parties. On behalf of each participating party, a person with complete knowledge of the file so as to be reasonably capable of answering questions posed by the Court related to the LMM must attend all LMM-related conferences/mediations or court hearings-
- e. Consent. Consent to any resolution must be acknowledged in writing by an authorized representative of the Creditor, the Debtor, and the Debtor's attorney, if applicable.
- f. Automatic Stay.
 - i. **Modification.** The automatic stay as provided for under 11 U.S.C. § 362(a) is modified to the extent necessary to facilitate the LMM Program. The modification is effective on the date an Order Granting Motion to Commence is entered.
 - ii. **362(e); Good Cause.** Pendency of the LMM Program constitutes good cause and compelling circumstances under 11 U.S.C. § 362(e) to delay the entry of any final decision on a pending motion for relief from stay with respect to the Eligible Property that is subject to the LMM Program.
 - iii. **Pending Motions.** After the Order Granting Motion to Commence is entered, all pending motions for relief from stay with respect to the Eligible Property that is subject to the LMM Program must either be continued or dismissed without prejudice until after the LMM Program concludes; or, the Court may condition the stay on fulfillment of the Debtor's obligations under the Order Granting Motion to Commence.
 - iv. **New Motion; FRBP 4001(a)(2).** During the pendency of the LMM Program, no motion for relief from stay with respect to the Eligible Property that is subject to the LMM Program may be filed on an-ex parte basis under FRBP 4001(a)(2).
 - v. **New Motion; LBRs 4001-1, 9013-1.** Any Creditor seeking relief from stay on the Eligible Property prior to the LMM Program concluding must, in the motion for relief from stay, set forth the reasons why relief from stay is appropriate prior to the LMM Program concluding instead of the court condition the stay on fulfillment of the Debtor's obligations under the Order Granting Motion to Commence. Unless the Creditor specifically objects in writing, the Creditor is deemed to consent to a waiver of deadlines set forth in Code section 362(e) until thirty (30) days after the conclusion of the LMM Program.
- g. No Delay. Participation in the LMM Program does not relieve the Required Parties from complying with court orders or applicable provisions of the Code, FRBP, or LBR.

- h. Closing. If Debtor's bankruptcy case is ready to be closed except for pendency of the LMM Program, the case will remain open during pendency of the LMM Program, unless otherwise ordered by the Court.
 - i. Confidential Communications. All communications and information exchanged during the LMM Program are privileged and confidential and are inadmissible in any subsequent proceeding as provided for by Federal Rule of Evidence 408, except in such circumstances when a party fails to participate in good faith in the LMM.
 - j. Dispute Resolution; Request for Hearing. Debtor, Creditor or Program Manager may request a hearing to resolve any dispute that may have arisen in connection with the LMM Program by filing a motion and scheduling a hearing pursuant to LBR 9013-1.
 - k. Debtor's Failure to Comply. If the Debtor fails to comply with Debtor's LMM duties or the Order Granting Motion to Commence, the Creditor may file a Motion to Terminate the LMM Program using the procedure of LBR 9013-1(o). All parties must comply with procedures indicated above for a Motion to Commence. *See table of forms below for the forms titled:*
LMM 9a.MOTION.TERMINATE.LMM
LMM 9b.ORDER.TERMINATE.LMM
2. Creditor Duties During Stage Two: Negotiation and Resolution.
- a. Registration on Portal; Initial LMM Package. Within ten (10) days after entry of the Order Granting Motion to Commence, Creditor and Creditor's California counsel (if any) must register on the Portal. Registration on the Portal is a one-time event, and once Creditor and Creditor's California counsel (if any) are registered on the Portal, a profile on that Creditor will be set up and maintained and the Creditor will not have to re-register when a future debtor obtains an Order Granting Motion to Commence.
 - b. Creditor's Initial LMM Package; Updates. After registration on the Portal, Creditor must provide Creditor's most current Creditor's Initial LMM Package to the Program Manager, who will promptly post same on the Portal. Creditor is responsible for providing any updates to Creditor's Initial LMM Package if and as necessary.
 - c. Acknowledge Receipt of Debtor's Initial LMM Package. Within seven (7) days after Debtor submits Debtor's Initial LMM Package on the Portal, Creditor must, on the Portal: (i) acknowledge receipt of Debtor's completed Initial LMM Package; and (ii) designate its single point of contact and outside legal counsel (if any). The designated single point of contact and outside legal counsel (if any) must have all requisite authority (within the investor's guidelines) to settle any issues that may arise during Stage Two.
 - d. Payment of LMM Program Fee. Within seven (7) days after Debtor submits Debtor's Initial LMM Package on the Portal, Creditor must pay one-half (1/2) of the Program Manager's fee. In the event Creditor does not pay the Program Manager fee via the Portal online payment system, Creditor must pay an additional \$25 processing fee to the Program Manager.
 - e. Process Debtor's Application. Upon receipt of Debtor's Initial LMM Package, Creditor must promptly review Debtor's Initial LMM Package to determine Debtor's eligibility for any loss mitigation options which may be available to Debtor. In the event that Creditor requires additional (or corrected) documentation, Creditor must promptly notify Debtor

through the Portal of such requirements and promptly respond to Debtor's submissions as well as any inquiries made by the Debtor.

- f. *Servicer Transfer*. In the event Creditor transfers a loan subject to the LMM Program to a new holder/servicer of the loan (the "Successor Creditor"), the Successor Creditor must comply with all terms of the Order Granting Motion to Commence and these procedures. Without limiting the generality of the foregoing, Successor Creditor must accept all documentation and information previously accepted by the original Creditor. Further, the Program Manager will transfer the Portal submission to the Successor Creditor. Successor Creditor must file **LMM 3.NOTICE.SUBSTITUTE.SERVICER** (*see table below*).

3. Debtor Duties During Stage Two: Negotiation and Resolution

- a. *Submit Initial LMM Package*. Within seven (7) days after an Order Granting Motion to Commence is entered, or Creditor completes registration on the LMM Portal, whichever occurs later, Debtor must upload to the Portal: (i) Debtor's Initial LMM Package and (ii) a copy of the Order Granting Motion to Commence.
- b. *Payment of Portal and LMM Program Manager Fee*. Within seven (7) days after an Order Granting Motion to Commence is entered, or Creditor completes registration on the Portal, whichever occurs later, Debtor must pay the Portal Submission Fee; and (ii) one-half (1/2) of the applicable LMM Program Manager's fee.
- c. *Adequate Protection Payments*. Debtor must make adequate protection payments to the Creditor from the date an Order Granting Motion to Commence is entered until the date an order is entered (1) approving an agreement on loan modification or other loss mitigation, or (2) terminating the LMM Program.
 - i. *Amount*. The amount of the adequate protection payment will be specified in the Motion to Commence and the Order Granting Motion to Commence, and must be at least 80% of the current principal and interest payment unless a different amount is agreed to by both the Debtor and the Creditor and is specified in the Order Granting Motion to Commence. In addition to this amount, the payment must also include taxes and insurance if the loan is escrowed at the time the Motion to Commence is filed.
 - ii. *Delivery Address*. Debtor is required to make adequate protection payments to the address stated on the filed proof of claim; if no proof of claim has been filed when the adequate protection payments first come due, Debtor must send adequate protection payments to the address that the Debtor utilized prior to the filing of the bankruptcy case. In Chapter 13 cases that are conduit, the Debtor immediately shall file a motion and proposed order requesting the Court to authorize either the Debtor or the Chapter 13 Trustee to make payments to the specified payee at the specified address.
- d. *Document Submissions*. When the Creditor or the Program Manager makes requests of the Debtor through the Portal, the Debtor must promptly provide any additional documents requested and/or answer any questions.
- e. *Debtor Payments*. In Chapter 13 cases, any Debtor in the LMM Program must make payments due to Creditor directly to Creditor including, but not limited to, adequate protection payments, trial modification payments, and final modification payments, unless their confirmed Plan states that the Trustee will make such payments.

4. Program Manager Duties During Stage Two: Negotiation and Resolution

- a. Document Preparation System. Program Manager must provide and maintain the DocumentPreparation System.
- b. Portal. Program Manager must provide access to the Portal and maintain the Portal.
- c. Document Assistance. Program Manager must assist *Self-Represented Debtors* with completing the Document Preparation Software and providing the Creditor's Initial LMM Package (subject to *Self-Represented Debtor's* cooperation) if and when a *Self- Represented Debtor* requests such assistance.
- d. LMM Program; System Education. Program Manager must be familiar with LMM Program procedures, must be able to explain them to Debtors and Creditors, and must provide free training on using the Portal and the Document Preparation System.
- e. Loan Modification Monitoring. Program Manager must monitor all communications between Debtor and Creditor on the Portal to ensure each party is performing their LMM obligations and duties including, without limitation:
 - i. Confirming that the Debtor has provided the correct Debtor's Initial LMM Package;
 - ii. Facilitating communication and document exchanges between Creditor and Debtor to ensure the loss mitigation review is proceeding in accordance with LMM procedures;
 - iii. Tracking and monitoring the deadlines for each party;
 - iv. Preparing, scheduling and conducting LMM Conferences or mediation sessions; and
 - v. Reporting to the Court any non-compliance with LMM procedures by Required Parties, by filing **LMM 4.NOTICE.NON.COMPLIANCE** (*See table below*). Program Manager may recommend that a hearing be set to resolve issues identified by the Program Manager.

5. Conferences During Stage Two: Negotiation and Resolution

- a. Scheduling. In the event that Debtor and Creditor do not reach a resolution, the Program Manager may schedule a LMM Conference(s) after consulting with the parties and their attorneys (if any) on a reasonable date and time, and give parties at least fourteen (14) days advance notice of the date and time. On the Portal, the Program Manager must report the scheduling of any LMM Conference.
- b. Appearances. Attendance at an LMM Conference is mandatory. All Required Parties must appear at an LMM Conference telephonically unless otherwise agreed to by the parties or directed by the Program Manager.
- c. Debtor Represented by Attorney. If Debtor is represented by an attorney, then Debtor, Debtor's attorney, and any co-obligor, co-borrower, [or other third party obligated on the note or deed of trust], may participate in an LMM Conference by telephone provided that they are physically present with Debtor's attorney and present government-issued identification to Debtor's attorney prior to the initial LMM Conference.
- d. Translator. Debtor must provide an interpreter (if necessary) at Debtor's own expense.

- e. *Creditor*. Creditor must appoint a designated representative to appear on behalf of Creditor.
 - f. *Settlement Authority*. All parties attending an LMM Conference must have full settlement authority. Any settlement agreement may indicate that the Settlement is a qualifying event under the California Homeowner’s Bill of Rights.
 - g. *Failure to Appear*. In the event a Required Party fails to appear at a scheduled LMM Conference, the Program Manager may file **LMM 4.NOTICE.NON.COMPLIANCE** (see table below) with the Court which may constitute failure of a Required Party to act in good faith under the LMM Program.
6. Duration of Stage Two: Negotiation and Resolution
- a. *Initial Resolution Period*. The “LMM Resolution Period” is initially up to 120 days; the Program Manager has discretion to extend the resolution period without seeking court authority based on good faith progress being made by the parties.
 - b. *Extension*. A party may request extension of the LMM Resolution Period by filing a Motion to Extend LMM Resolution Period. A complete and current printout of the account history from the Portal must be attached as an exhibit to the Motion. The Motion must be served on all Required Parties using the procedure of LBR 9013-1(o). All parties must comply with the procedure for filing a Motion to Commence. See table of forms below for the forms titled:
LMM 5a.MOTION.EXTEND.RESOLUTION
LMM 5b.ORDER.EXTEND.RESOLUTION
 - c. *Early Termination*. A request to terminate LMM prior to the expiration of **stage #2** must be made by filing a Motion to Terminate the LMM, using the procedure of LBR 9013-1(o) with service on all Required Parties. Any Required Party may file the motion. All parties must comply as indicated above with the procedure for filing a Motion to Commence. See table of forms below for the forms titled:
LMM 9a.MOTION.TERMINATE.LMM
LMM 9b.ORDER.TERMINATE.LMM

C. Stage Three: Implementing the Resolution

- 1. Resolution: Loan Modification Agreement
 - a. *Trial Loan Modification Agreement*.
 - i. **Motion to Approve; Order**. If the parties reach a trial loan modification agreement (“Trial Modification”), but not a final loan modification, then within fourteen (14) days after the parties reach the agreement, Debtor must file a Motion to Approve Trial Loan Modification and serve it under LBR 9013-1(p) and promptly lodge an order. In Chapter 13 cases, the Debtor must include the chapter 13 trustee on the Proof of Service. Payments under a Trial Modification (“Trial Payments”) will be made on the due dates indicated in the motion, and include payments applied to principal and interest and, if indicated, to taxes and insurance. See table of forms below for the forms titled:
LMM 6a.MOTION.TRIAL.MODIFICATION
LMM 6b.ORDER.TRIAL.MODIFICATION

- ii. ***Offer of Permanent Modification.*** When a Debtor satisfies all payment obligations and any other material obligations under an Order Granting Motion to Approve Trial Loan Modification, the following provisions apply:
 - A. ***Extend Offer; Submit Status Reports.*** The Creditor must extend an offer to enter into a final loan modification (“Permanent Modification”) agreement within thirty (30) days of receipt of the last trial payment. If the Creditor is unable in good faith to offer a Permanent Modification within thirty (30) days, the Creditor must submit in the Portal a status report in which Creditor indicates the length of time needed to offer a Permanent Modification, and submit a subsequent status report every thirty (30) days until a Permanent Modification is offered. Then, the Debtor or Creditor must, within fourteen (14) days, file a Motion to Approve Final Loan Modification Agreement and comply with the procedure indicated above in Stage Two.

- b. ***Final Loan Modification Agreement.*** If parties agree to a final loan modification, the Debtor must file a Motion to Authorize Final Loan Modification using the Required LMM Forms and serve it using the procedure of LBR 9013-1(p) on any applicable trustee and all creditors whose claims are secured by liens against the Eligible Property. The motion includes a “loan summary” section that must have personal identifiers redacted in accordance with FRBP 9037. *See table of forms below for the forms titled:*
LMM 7a.MOTION.FINAL.MODIFICATION
LMM 7b.ORDER.FINAL.MODIFICATION

- c. ***Other Resolution: Loss Mitigation.*** If the parties reach a resolution that does not involve a loan modification, and the parties seek court approval of the resolution, then within fourteen (14) days after the parties reach such agreement, either the Debtor or Creditor must file a Motion to Approve Other LMM Resolution and serve it under LBR 9013-1(p), and promptly lodge a proposed order. *See table of forms below for the forms titled:*
LMM 8a.MOTION.LMM.RESOLUTION.
LMM 8b.ORDER.LMM.RESOLUTION

- d. The proposed order approving any agreement on a loan modification or other loss mitigation will include provisions that apply in chapter 13 cases.
 - i. ***Modifying Chapter 13 Plan.*** If provisions in an order impact provisions of the Debtor’s Chapter 13 plan, the Debtor must file – and seek court approval of -- a modified plan within fourteen (14) days of entry of the order.
 - ii. ***Schedules I and J.*** If provisions in an order result in a material change in Debtor’s expenses, the Debtor must file an amendment to Schedules I and J within fourteen (14) days after entry of the order.

If those provisions result in the Debtor filing these documents, Debtor’s counsel may apply for supplemental fees using the procedure of LBR 3015-1(v).

TABLE OF REQUIRED LMM FORMS

REQUIRED LMM FORMS – Stage One	
Form Short Title	Form Name
LMM 1a.DEBTOR.REQUEST.ASSISTANCE	Self-Represented Debtor’s Notice of Request for Assistant with LMM Procedures
LMM 1b.NOTICE.TERMINATION.ASSISTANCE	Program Manager’s Notice of Termination of LMM Assistance to Self-Represented Debtor
LMM 2a.MOTION.COMMENCE.LMM	Motion and Notice of Motion to Commence Loan Modification Management Program
LMM 2b.ORDER.COMMENCE.LMM	Order Granting Motion to Commence Loan Modification Management Program

REQUIRED LMM FORMS – Stage Two	
Form Short Title	Form Name
LMM 3.NOTICE.SUBSTITUTE.SERVICER	LMM Creditor’s Notice of Substitution of Servicing Agent
LMM 4.NOTICE.NON.COMPLIANCE	Program Manager’s Notice of a Party’s Noncompliance in LMM Program
LMM 5a.MOTION.EXTEND.RESOLUTION	Motion and Notice of Motion to Extend LMM Resolution Period
LMM 5b.ORDER.EXTEND.RESOLUTION	Order Granting Motion to Extend LMM Resolution Period

REQUIRED LMM FORMS – Stage Three	
Form Short Title	Form Name
LMM 6a.MOTION.TRIAL.MODIFICATION	Motion and Notice of Motion to Approve Trial Loan Modification
LMM 6b.ORDER.TRIAL.MODIFICATION	Order Granting Motion to Approve Trial Loan Modification
LMM 7a.MOTION.FINAL.MODIFICATION	Motion and Notice of Motion to Approve Final Loan Modification
LMM 7b.ORDER.FINAL.MODIFICATION	Order Granting Motion to Approve Final Loan Modification
LMM 8a.MOTION.LMM.RESOLUTION	Motion and Notice of Motion to Approve LMM Resolution that is not a Loan Modification
LMM 8b.ORDER.LMM.RESOLUTION	Order Granting Motion to Approve LMM Resolution that is not a Loan Modification

REQUIRED LMM FORMS – Any Stage	
Form Short Title	Form Name
LMM 9a.MOTION.TERMINATE.LMM	Motion and Notice of Motion to Terminate LMM Program
LMM 9b.ORDER.TERMINATE.LMM	Order Granting Motion to Terminate LMM Program
F 9013-1.2.NO.REQUEST.HEARING.DEC	Declaration that No Party Filed Opposition or Request for a Hearing
F 9013-1.3.OPPOSITION.REQ.HEARING	Notice of Opposition and Request for a Hearing
F 9013-3.1.PROOF.SERVICE	Proof of Service of Document

Links to all Required LMM Forms are found at [Section 3-10 of The Central Guide](#)