



## Hawai'i Home Advocates

*"Understanding Makes All the Difference."™*

### AFTER THE SAVE

---

# After the Save

*You Kept Your Home. Here's How to Stay In It.*

*"Saving your home was the hard part. Staying in it takes a plan."*

A loan modification, forbearance exit, VA Partial Claim, or repayment plan got you through the crisis. This guide helps you understand your new terms, build a financial cushion, and make sure you never face this again.

#### **Hawai'i Home Advocates**

Barbara Coote, RS-81245 · Licensed Hawai'i REALTOR®

808-781-6951 · [hawaiihomeadvocates.com](http://hawaiihomeadvocates.com)

Free consultation. No sign-up. No obligation.

*"You fought for your home and you won. Now let's make sure it stays that way."*

Whether you completed a loan modification, exited a forbearance, accepted a VA Partial Claim, or entered a repayment plan, you did something difficult: you asked for help and you followed through. Your home is still yours. What you do in the next six to twelve months will determine whether this was a one-time crisis or a recurring one.

## Understand Exactly What You Agreed To

The most important thing you can do right now is read your modification agreement, forbearance exit plan, or partial claim documents carefully — and then read them again.

### Loan Modification

Your loan's terms have permanently changed. Know your new interest rate (fixed or adjustable), new monthly payment, whether missed payments were added to your principal, and your new loan end date. Request a new amortization schedule from your servicer.

### ■ Forbearance Exit / Repayment Plan

Missed payments are now owed. Know how they are being repaid: a lump sum, added to the end of your loan, or spread across future payments. Get the terms in writing. Confirm with your servicer how this is being reported to credit bureaus.

### VA Partial Claim (VA SFLS Partial Claim Program)

The VA Partial Claim Program advances funds to bring your loan current. This advance becomes a **subordinate lien** on your property — a second mortgage with no interest and no monthly payment. It is due in full when you **sell the home, refinance, or pay off the primary mortgage**. The amount is not forgiven — it must be repaid at that time. Keep a copy of your partial claim promissory note and deed of trust in a permanent file. For more information, see the Military & Veteran Homeowners guide at [hawaiihomeadvocates.com](http://hawaiihomeadvocates.com).

### Keep All Your Documents

Store your modification agreement, partial claim promissory note, forbearance exit letter, and servicer confirmation in a permanent file — physical and digital backup. These documents protect you if your servicer is sold, changes systems, or disputes your payment history in the future.

## Your New Monthly Payment — Building a Budget That Holds

The single most important financial habit you can build right now is making every payment on time, automatically, before anything else is paid. After a modification or forbearance exit, your servicer is watching your account closely. One missed payment can trigger a default under your new agreement.

- 1 Set up autopay immediately.** Contact your servicer and enroll in automatic payment from your checking account. Confirm the draft date and keep enough in that account at all times.
- 2 Build a one-month mortgage buffer.** Your goal over the next six months is to have one full mortgage payment sitting in savings that you do not touch. This is your margin for error.
- 3 Create a written budget.** List every income source and every expense. Mortgage comes first. GreenPath and MMI both offer free budgeting help by phone.
- 4 Reduce high-interest debt.** Credit card debt at 20%+ interest erodes your financial cushion fast. A non-profit credit counselor can help you create a debt management plan.

## If You Struggle Again — Act Early

The worst thing you can do is wait until you are three months behind before calling your servicer. The options available at one missed payment are far better than the options at three. If you sense trouble coming:

- Call your servicer **before you miss a payment** and ask what options are available.
- Contact a **HUD-approved housing counselor** — they can negotiate on your behalf at no cost.
- Check eligibility for the **Hawai'i Homeowner Assistance Fund (HAF)** at [haf.hawaii.gov](http://haf.hawaii.gov). HAF provides mortgage payment assistance to eligible homeowners experiencing financial hardship.
- Veterans: contact your VA loan servicer directly and ask specifically about **VA loan guaranty assistance**. The VA Regional Loan Center in Honolulu is at (808) 433-0600.

### ✓ The 3-Month Rule

Financial advisors recommend keeping 3 months of essential expenses — mortgage, utilities, food — in an emergency savings account. For most Hawai'i homeowners, this is a \$6,000–\$12,000 target. Start small: even \$25 per paycheck into a separate savings account builds the habit and the balance.

## Your Credit After a Hardship

A forbearance, modification, or partial claim will appear on your credit report. How it appears depends on what your servicer agreed to report and how your account was handled during the hardship period.

- **Forbearance under CARES Act (COVID-19):** If your forbearance was granted under the federal CARES Act, servicers were required to report your account as “current” if you were current before the forbearance. If yours was not reported correctly, you have the right to dispute it.
- **Loan modification:** Typically reported as “modified” or “partial payment” on the tradeline. It may lower your score modestly but is far less damaging than a foreclosure.
- **Late payments before the modification:** These remain on your report for 7 years from the date of first delinquency. They cannot be removed just because you modified the loan.

## Protecting and Rebuilding Your Credit

- 1 **Pull your credit reports** from AnnualCreditReport.com and review all three bureaus for accuracy. Look specifically at how your mortgage account was reported during and after the hardship.
- 2 **Dispute errors in writing** to each bureau that reports incorrect information. Include your servicer's written confirmation of agreed-upon reporting if applicable.
- 3 **Pay everything else on time.** Every on-time payment — utilities, car loan, credit cards — rebuilds your positive payment history and improves your score month by month.
- 4 **Keep credit utilization low.** Keep balances below 30% of your credit limits. This is the second biggest factor in your credit score after payment history.

### Free Credit Monitoring

Credit Karma and Experian both offer free credit score monitoring with alerts when your score changes. This helps you catch errors quickly and track your recovery progress. For your full reports, use AnnualCreditReport.com (the only federally authorized free source).

## Financial & Tax Matters After Your Save

### Principal Reduction & the 1099-C

If your modification included principal reduction, the lender may issue IRS Form 1099-C. The forgiven amount may be taxable income. The QPRI exclusion expired January 1, 2026 (agreements before that date may still qualify). A VA Partial Claim is a deferred payment — not forgiven — and does not trigger a 1099-C. Bring any 1099-C to a CPA before filing.

### Your Escrow Payment Will Change

Within 60–90 days after modification, your servicer will re-analyze your escrow. This often raises your monthly payment beyond what the modification agreement shows. It is not an error — request the escrow analysis statement from your servicer for the breakdown.

### HOA Arrears — Not Covered by Your Modification

HOA fees that accumulated during forbearance are not forgiven by the modification. Contact your HOA directly, request a statement of account, and set up a payment plan. In Hawai'i, six months of unpaid assessments carry super-lien status and can result in HOA foreclosure proceedings separate from your mortgage.

### Credit Report — Verify It Shows Current

Pull your free report at [annualcreditreport.com](https://annualcreditreport.com) 60–90 days after modification closes. Servicers sometimes continue reporting delinquency in error. If yours does, dispute it in writing with the bureau using your modification agreement as documentation.

**Second mortgage / HELOC:** Your first mortgage modification does not change a second lien. Contact that servicer separately to discuss options.

### Assistance Programs — You May Still Qualify

Saving your home does not mean you no longer qualify for support programs. Many homeowners who completed a modification or forbearance exit are still eligible for financial counseling, assistance programs, and community resources.

- **Hawai'i Homeowner Assistance Fund (HAF):** Provides mortgage payment assistance, including reinstatement and ongoing payment help, for eligible Hawai'i homeowners who experienced COVID-19 financial hardship. Check current availability at [haf.hawaii.gov](https://haf.hawaii.gov) or call (808) 587-0600.
- **Hawai'i HomeOwnership Center (HHOC):** Free post-modification counseling to help you stay in your home and understand your new loan terms. (808) 523-9500 | [hhochawaii.org](https://hhochawaii.org)
- **GreenPath Financial Wellness:** Free budget coaching, debt management, and credit rebuilding plans. (877) 337-3399 | [greennpath.com](https://greennpath.com)

## FREE RESOURCES

---

*About free legal help in Hawai'i: Free legal representation for housing matters is very limited. Most free resources provide information or referrals, not an attorney who will represent you.*

### **GreenPath Financial Wellness**

Free credit counseling and debt management planning.  
877-337-3399 | [greenpath.com](https://greenpath.com)

### **Money Management International (MMI)**

Free budget counseling and credit report review.  
866-889-9347 | [moneymanagement.org](https://moneymanagement.org)

### **Hawai'i HomeOwnership Center (HHOC)**

HUD-approved nonprofit — free post-modification counseling and prevention education.  
808-523-9500 | [hihomeownership.org](https://hihomeownership.org)

### **Volunteer Legal Services Hawai'i**

Free civil legal help for qualifying low-income residents — housing, landlord-tenant, bankruptcy, and more. Apply online or call for intake.  
808-528-7046 (O'ahu) | 1-800-839-5200 (Neighbor Islands) | [vlsh.org](https://vlsh.org)

### **Hawai'i State Bar — Lawyer Referral Service**

Get matched with a licensed Hawai'i attorney. Many offer a free or reduced-fee first consultation. Available Mon–Fri 8:30 a.m.–4:30 p.m.  
808-537-9140 | [hawaiilawyerreferral.com](https://hawaiilawyerreferral.com)

### **Legal Aid Society of Hawai'i — Elder Law Services Only (age 60+)**

Confirmed services: Advance Health Care Directive, Power of Attorney, and Simple Wills for residents 60+. Does not cover housing or post-modification matters.  
808-536-4302 | [legalaidhawaii.org](https://legalaidhawaii.org)

---

## **Hawai'i Home Advocates**

*"Understanding Makes All the Difference."™*

---

All resources on this site are free.

No sign-up. No obligation. Ever.

[hawaiihomeadvocates.com](http://hawaiihomeadvocates.com)

808-781-6951



## Barbara Coote

**Retired Lt. Colonel, U.S. Army**

Licensed Hawai'i REALTOR® RS-81245

Military Relocation Professional (MRP)

---

*"When God closes a door, He opens a window."*

I want to be that window for you.

---

*"Informed Decisions are the Best Decisions."*™

808-781-6951

[barbara@hawaiihomeadvocates.com](mailto:barbara@hawaiihomeadvocates.com)

[hawaiihomeadvocates.com](http://hawaiihomeadvocates.com)

Free. No sign-up. No obligation. Ever.