

LIGHTNING DOCS

Modification Agreement

FAQ



01.

Q: WHAT IS A MODIFICATION AGREEMENT?

A: A modification agreement is a legal document that changes the terms of an existing loan between the borrower and the lender, often entered into to help the borrower avoid default.

02.

Q: WHAT ARE COMMON REASONS TO ENTER INTO A LOAN MODIFICATION?

A: Loan modifications are commonly entered into to do one or more of the following:

1. Increase or paydown the principal balance
2. Increase or decrease the interest rate
3. Extend the Maturity Date.

03.

Q: WHAT IS INCLUDED IN THE MODIFICATION AGREEMENT DOCUMENTS?

A: The modification package will cover the following points:

- Original loan terms
- Current payoff balance
- New maturity date (if relevant)
- New loan amount and new payment amounts (if relevant)
- New interest rate and new payment amounts (if relevant)
- Modification fee for modifying the loan (if relevant)
- Impound and other reserve account balances (if relevant)
- Lender's Closing Instructions (optional)

The modification will also produce re-affirmation of guaranty, entity certifications (if relevant), and several other documents based on the terms entered into the interview.

04.

Q: HOW DOES THE MODIFICATION AGREEMENT DIFFER FROM THE BASIC EXTENSION DOCUMENT?

A: A basic extension permits *only* the extension of the loan's maturity date and does not involve changes to any other loan terms. It does not result in the issuance of recordable documents nor provide lender's closing instructions.

Whereas the Modification agreement allows for significant adjustments to an existing loan such as changing the interest rate, reducing the principal balance, advancing additional funds, and modifying the maturity date. This type of Modification will generate a recordable Modification of Deed of Trust or Mortgage and provide the option to include Lender's Closing Instructions.

05.

Q: IF I ONLY NEED TO EXTEND THE LOAN TERM, SHOULD I USE THE BASIC EXTENSION DOCUMENT OR THE MODIFICATION AGREEMENT?

A: If the sole activity of the lender is to extend the maturity date (and potentially charge an extension fee) then the Basic Extension application works well for these purposes. The documentation is heavily streamlined and does not require recording of a modified security instrument. If any other modifications are being made, the users will need to produce a Modification. Both options are readily available to you on our Lightning Docs platform.

06.

Q: HOW MUCH DOES THE MODIFICATION COST TO PRODUCE IN LIGHTNING DOCS?

A: The Modification will follow our standard pricing module outlined in your license agreement. Each Modification agreement will count towards your monthly volume. Fees will be billed at the same time as your regular loan documents each month for the preceding month.

07.

Q: WILL ORIGINAL LOAN TERMS CARRY OVER FROM A PREVIOUS LIGHTNING DOCS TRANSACTION INTO THE MODIFICATION APPLICATION?

A: Yes! The Modification is located within its own document application or “App”, separate from the Master Loan application. If the original loan to be modified was created within Lightning Docs, then the user will be able pull the original loan terms from the Master application into the Modification application. In turn, this will make drafting the modification a much more streamlined process.

[Click here](#) for a step-by-step guide on how to create a Modification using an existing loan in Lightning Docs.

08.

Q: CAN I CREATE A MODIFICATION IF THE ORIGINAL TRANSACTION WAS NOT PRODUCED USING LIGHTNING DOCS?

A: Absolutely. If the original loan was not created using Lightning Docs, you can still draft a Modification. The only difference in the process is that you will need to manually input the terms of the original loan into the Modification application within Lightning Docs.

[Click here](#) for a step-by-step guide on how to create a Modification when the original loan was not created Lightning Docs.

09.

Q: CAN I CREATE A MODIFICATION FOR A LOAN THAT HAS BEEN PREVIOUSLY MODIFIED?

A: Yes, you can. In these instances, the original loan information will need to be entered or pulled into the modification application, along with the information of

any previous modifications. There is no limit as to the number of subsequent modifications that can be produced for a single transaction.

[Click here](#) to see a step-by-step guide on how to create a subsequent modification in Lightning Docs.

10.

Q: CAN I USE THE MODIFICATION TO ADD/SUBSTITUTE COLLATERAL?

A: Unfortunately, no Lightning Docs cannot handle this type of modification at this time. However, we'd be more than happy to provide you with law firm referrals to do so. Please reach out to support@lightningdocs.ai for a referral.