

LOAN MODIFICATION: Not So Fast, Not So Easy

Trap

Michael's Lake Worth home is upside-down. He now owes more than it is worth, and even worse, he is one month behind on his mortgage. In the road median, he saw a sign for a company that claimed they could reduce his mortgage payment, modify his loan and reduce the amount he owed. Michael paid the company \$1,400 up-front to start the process. Now, when he calls the company all he gets are excuses and delays.

Tips

Loan modifications are complex and more difficult to achieve than advertised. Whether a loan can be modified depends on variables including property type, employment status and the company servicing your loan. Mortgage loans are usually sold into investor pools, and the investor plays a big role in whether your loan can be modified. If you are only behind a month or two, a loan modification will probably not be an option. Here are some ways to avoid a loan modification nightmare:

- Loan modification scams use a variety of tactics to find distressed homeowners: public records, the Internet and posters in median strips, to name a few.
- Beware of statements such as "Stop Foreclosure Now!," "We guarantee to stop your foreclosure" or "We have a special relationship with your bank."
- Keep communicating with your loan company. Speak with the Loss Mitigation Department or write a certified letter to your loan company's Chief Officer, and keep a copy of all correspondence for your records.
- Never quit making your mortgage payment, regardless of what you are advised.
- Call the Federal Trade Commission at 877-382-4357 for more options, or go to www.ftc.gov OR call the Homeowner Preservation Foundation at 888-995-HOPE, or go to <https://995hope.org>

For more information Palm Beach County Consumer Affairs



Palm Beach County
Board of County Commissioners
Department of Public Safety
Division of Consumer Affairs
Main: 561-712-6600 Fax: 561-712-6610
Website: PBCGOV.COM/CONSUMER