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Home Loan Modification Tips

As the recession continues to take its toll, it is not uncommon for many home owners to try to renegotiate the terms of their loans. The main federal agencies responsible for regulating the loan modification and foreclosure alternative industry are the Treasury Department and Federal Trade Commission. The Treasury and FTC are now in collaboration with the Consumer Financial Protection Bureau to inform homeowners about realistic modification alternatives and how to spot scams.

Sadly, there have been many so-called home loan relief companies that have preyed upon unsuspecting and ignorant home owners. Here are some tips issued by the Consumer Financial Protection Bureau, the Treasury and FTC:

1. You have the right to apply to the Home Affordable Modification Program directly and for free

The Making Home Affordable Program was started by the government in March 2009. The Home Affordable Modification Program (HAMP) is designed to help you if you are facing financial difficulties in your mortgage repayments. The objective of the program is to help you avoid foreclosure by modifying your loan to a level that is affordable for you now and sustainable over the long term. You can make an application to the HAMP for free without going through an intermediary. Do not be deceived if any company offers you their services in getting your HAMP “pre-approved” for a fee.

You might be eligible if you fulfill these criteria:

- you are delinquent on your mortgage or face imminent risk of default
- the encumbered property is your primary residence
- the mortgage was originated on or before January 1, 2009 and the unpaid principal balance is less than \$729,750 for one-unit properties

Visit the HAMP website at <https://www.hmpadmin.com/portal/index.jsp> for more information.

2. You have the right to negotiate a mortgage modification directly with your lender. You should not have to go through an intermediary to negotiate your mortgage. Instead, go directly to your lender. You should also be wary of any company that claims they can obtain a guaranteed home loan modification for you. Nothing is guaranteed; it all depends on your negotiation with your lender.

3. Never pay for any services upfront. Any assistance offered to you in arranging for a home loan modification is not entitled to upfront payment. Service should always come before payment.

4. Do not stop paying your mortgage while negotiating. This is a standard rule in negotiations – never cease paying your mortgage while negotiating for better terms.