

## Consumer Alert! Fees for Loan Modifications

Homeowners facing foreclosure are frequent targets of predatory scams and the latest of these, for-profit loan modification schemes, is no exception. For fees ranging from \$500 to \$3,000 or more, companies claim to help homeowners avoid foreclosure by working with a lender to change the terms of a mortgage loan, such as lowering the interest rate, extending the length of the loan or adding missed payments to the balance of the loan. These companies typically take money upfront from the homeowner but provide little to no services in return.

*What consumers need to know about for-profit loan modification companies:*

- **They charge a fee for services that are available FREE to Minnesota homeowners.** The Minnesota Homeownership Center's network of non-profit agencies, known as the *Homeownership Advisors Network*, offers foreclosure and mortgage counseling services to all Minnesotans. Services provided through the Center's network are free and counselors are equipped to advocate on behalf of homeowners with lenders. In addition, loan modification may be only *one* option available to home owners... the Center's network provides a full spectrum of foreclosure prevention services.
- **They may promise results that are unrealistic in an effort to convince homeowners to hire them.** Unlike the nonprofit counseling agencies which are mission-driven, for-profit loan modification companies make money when homeowners use their services. They are likely to use high pressure sales tactics to get customers even when it is clear that nothing can be done to save the home.
- **They may not be certified or trained specifically to provide foreclosure prevention services.** The Center's network agencies receive extensive training and are certified, meeting state and national standards to provide foreclosure prevention services.
- **Fee for service companies are frequently located out of state and may not be familiar with Minnesota laws or the services and resources available to Minnesota homeowners.** The *Homeownership Advisors Network* is located in, and well connected with, communities throughout Minnesota.

*Beware of people and companies that:*

- Ask you to pay a fee to work with your mortgage company
- Advise you to stop making your mortgage payment
- Make promises that sound too good to be true

*What to do if approached by a loan modification company:*

- Seek advice from one of the Minnesota Homeownership Center's counselors before signing any papers or paying money to a company that charges for loan modification services.
- Be an informed consumer. Ask questions; contact the Minnesota Department of Commerce to make sure the company has a license by the state to provide the services that they are offering.

For additional information speak with a Homeownership Advisor in your area by contacting the Minnesota Homeownership Center today: 651-659-9336 or 866-462-6466 or [www.hocmn.org](http://www.hocmn.org)