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Office of the Governor

BOB RILEY
Governor



STATE OF ALABAMA

Press Office

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State Banking Department Outlines Steps to Help Those Facing Mortgage Loan Problems

MONTGOMERY - The State Banking Department has recently seen an increase in the number of inquiries from Alabama consumers regarding mortgage loan modifications. A mortgage loan modification is a permanent change in one or more of the terms of a mortgagor's loan. This may allow a mortgage loan to be reinstated or may result in a reduction of the payments for the borrower. Due to the current economic conditions, the demand for mortgage loan modifications from borrowers has increased across the country. This demand has resulted in an increase in individuals or companies offering mortgage loan modification assistance.

According to Scott Corscadden, Supervisor for the department's Bureau of Loans, "Unfortunately, nationwide there is an increase in cases where individuals or companies are promising to assist consumers in obtaining a mortgage loan modification and charging up front fees and performing little or no services for those fees. These companies often use high-pressure sales tactics and guarantee a 100% success rate while the truth is that not every loan can be modified."

If you are contacted by a company offering mortgage loan modification services, please be sure you are dealing with a licensed mortgage broker. Furthermore, these companies may not charge any upfront or advance fees to the consumer under Alabama law. You can verify that companies are licensed as mortgage brokers in Alabama by going to our website, www.banking.alabama.gov, click on "Institutions We Regulate, Bureau of Loans," and search for the company's name in the search all feature. Consumers may also verify licenses by calling 1-866-465-2279.

If you are facing problems with your existing mortgage loan, the State Banking Department encourages borrowers to take the following steps to obtain a loan modification:

- 1. Contact your lender now.** Many people avoid contacting their lender for fear if the lender knows that they are having financial problems the lender will rush to collection or foreclosure. The majority of lenders want to help borrowers keep their homes and often have workout options to help you keep your home. These options work best when your

loan is only one or two payments behind. The further you get behind the fewer options are available and you should contact your lender as early as possible. You should be able to find the lender's contact number on your payment coupon booklet.

2. Call the HOPE NOW Alliance. HOPE NOW is an alliance between the U.S. Department of Housing and Urban Development (HUD) approved counseling agents, servicers, investors and other mortgage market participants that provide free foreclosure prevention assistance. HOPE NOW's toll free number is (1-888-995-HOPE). You may also view HOPE NOW's website at www.hopenow.com.

3. Dial "211" and ask for assistance in finding a HUD approved counseling agency. The Alabama Foreclosure Prevention Collaboration, along with the United Way and HUD, has created a 211 line for mortgage loss mitigation and foreclosure assistance. In most areas of the state a borrower can simply dial 211 and ask to be connected to a HUD-approved counseling agency. You can also find HUD-approved counseling agencies by going to HUD's website at www.hud.gov and clicking on the Avoid Foreclosure link.

For more contact information, visit Governor Bob Riley's Web Site: <http://www.governor.alabama.gov/>

For videos of Governor Bob Riley visit: <http://www.media.alabama.gov/>

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