

HOUSING

Loan Modification Pitfalls

Avoiding
'rescue' scams

As more financially distressed borrowers seek mortgage loan modifications and other alternatives to help them keep their homes, the number of "foreclosure rescue" crimes continues to rise, according to the FBI.

While some mortgage assistance efforts are indeed legitimate, other struggling homeowners find themselves victimized by scams that promise hope but end up costing them thousands of dollars and, in some cases, their homes.

While many homeowners work directly with their mortgage company to pursue a modification, others prefer to work with an agency that can help them navigate the process.

If you're considering using an agency to help you modify your mortgage, here are four things that Wells Fargo Home Mortgage advises a homeowner should never do:

1. Never use an agency that is not HUD-certified.—A number of agencies have adopted official sounding names and created impressive marketing materials to make them appear to be a government agency or endorsed by the government. Do your homework to make sure they are HUD-certified.

The Department of Housing and Urban Development maintains a list online at hud.gov of approved nonprofit counseling agencies that can assist homeowners seeking a loan modification (search for "foreclosure avoidance counseling").

If a company contacts you and offers assistance, call your nearest HUD office or check its website to ensure you're working with an approved housing counseling agency.

2. Never pay upfront fees.—HUD-approved counseling agencies get their funding from HUD and, in some cases, mortgage companies. If you work with a HUD-approved counseling agency, you won't be asked to pay an upfront fee to start the process. If a company requires an upfront fee or guarantees you a modification, seek help elsewhere.

3. Never send a payment anywhere other than your mortgage company.—A number of homeowners have signed "modification" documents and then started sending their monthly payments to another company.

In reality, they may have inadvertently signed over the title of their home to a scam artist and, adding insult to injury, are now writing checks directly to the fraudster. In the meantime, their existing mortgage loan is still in place and they are falling further behind on payments.

4. Never ignore correspondence.—Legitimate housing counselors will tell you not to ignore phone calls or letters from your mortgage company, and you shouldn't. Beware of any firm or counselor who advises you not to respond to your mortgage company at any time during the process.

Contacting your mortgage company to discuss a loan modification is a major financial decision. You always have the option of working directly with your loan servicer to

discuss your modification options, but for those homeowners who prefer to work with a housing counselor, it's important to make sure the counseling firm you work with is one who is interested in helping you.

If you have any doubts about the agency you're relying on for help, contact your mortgage lender first. Your lender can tell you if you qualify for a government program or any of its own loan refinancing options.

Pilot Program Pays Upgrades

Clean Energy Works Portland is a pilot program that is helping up to 500 qualified Portland homes finance and install energy efficiency upgrades.

The pilot offers homeowners access to low-cost financing for energy efficiency home improvements, like new insulation or the installation of a high efficiency furnace or water heater. To help decide which upgrades and financing options make sense, participants will receive

the assistance of a qualified Energy Advocate throughout the process.

Homes in the Clean Energy Works Portland pilot must be owner-occupied and located inside the City of Portland.

To learn more about eligibility and to apply to participate, visit cleanenergyworksportland.org. If you apply, you can expect to hear within 3-4 weeks, or sooner, whether your home has been accepted into the pilot.

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To find out more about our program - including how to get on our waiting list - attend one of our FREE information sessions.

Homeownership Information Sessions:

- **North Portland**, 4th Monday of every month
Proud Ground office (5288 N. Interstate Ave.)
- **SE Portland**, 2nd Tuesday of every month
East Portland Community Center (740 SE 106th Ave)

To register or find out more:
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