



DEPARTMENT OF BANKING AND CONSUMER FINANCE

STATE OF MISSISSIPPI

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PRESS RELEASE

CONSUMER ALERT

Commissioner John S. Allison

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The Department of Banking and Consumer Finance has recently received complaints on companies that target frustrated borrowers and promise to modify their mortgage in an effort to prevent foreclosure. There are legitimate loan modification companies; however, there are some in the business exclusively to take advantage of people who are desperate.

Loan modification companies are becoming more prevalent as a result of the recent mortgage debacle. Consumers that look to these companies for help usually have adjustable rate mortgages that have recently reset and ballooned into huge mortgage payments. It appears that these companies' sole purpose is to negotiate with your lender to modify the terms of your mortgage whereby foreclosure can be prevented. However, before contacting a loan modification company, you may want to contact your current mortgage lender and ask to speak to someone in their loss mitigation department to find out what your options are with them to renegotiate your loan.

Consumers are urged to be very careful when selecting a loan modification company, especially those that require huge upfront fees or guarantee a successful modification. Loan modification companies must be licensed with the Department of Banking and Consumer Finance under the Mississippi Mortgage Consumer Protection Law in order to conduct business with Mississippi consumers. Mississippi law strictly prohibits loan modification companies from charging upfront fees other than third-party fees such as for appraisals or credit reports. ***Remember – if it sounds too good to be true, it usually is!***

The mission of the Department of Banking and Consumer Finance is to provide quality supervision and regulation to those institutions furnishing financial services, as authorized by statute, to the people of Mississippi. We regulate and supervise in an efficient and effective manner that would foster stability and instill public trust.

To find out if a loan modification company is licensed with the Department, please call 601-359-1031 or 800-844-2499.