

# Fallen Behind? Modify Your Mortgage

As the foreclosure crisis continues to make headlines across the country, many homeowners are wondering how they can avoid foreclosure and save their homes.

One option available to homeowners in danger of foreclosure is a **loan modification**.

## What is a loan modification?

A loan modification is a change in the mortgage contract, agreed upon by both the bank and the borrower.

A modification is often requested when monthly payments become a hardship for the homeowner.

Loan modifications have received increased attention because of the national foreclosure crisis and the federal government's Making Home Affordable Program. A loan modification can be a viable option for homeowners who are in danger of foreclosure, including those who have fallen behind on their monthly mortgage payments, or those who are likely to fall behind on their payments due to adjustable rate mortgage resets, job loss, divorce, unexpected medical expenses, or the death of a household contributor.

## What is the difference between a trial and permanent loan modification?

Today loan modifications come in two forms: trial and permanent.

A trial loan modification is a change to the mortgage contract that should reduce monthly mortgage payments for a trial period that may last for three to four months, and is agreed to by both the bank and the homeowner. Banks may request a trial period to ensure a homeowner can afford the mortgage modification and afford to stay in the home.

A permanent modification is a change to the mortgage contract that should reduce monthly mortgage payments permanently, for the life of the loan. The permanent modification is also agreed to by both the bank and the homeowner.

## How can I request a loan modification?

Begin the process by contacting the right people:

- **Speak to a HUD-certified nonprofit housing counselor.** Visit [www.findaforeclosurecounselor.org](http://www.findaforeclosurecounselor.org) to find a local HUD-approved nonprofit housing counseling agency in your area – which includes local NeighborWorks organizations.
- **Call the Homeowner's HOPE™ Hotline at 1-888-995-HOPE (4673).** If you are uncomfortable calling your lender or meeting someone face-to-face initially, call 888-995-HOPE to receive counseling from a HUD-certified housing counselor over the phone, 24 hours a day, seven days a week. Counselors on staff speak English, Spanish, and over 20 additional languages.
- **Visit [www.makinghomeaffordable.gov](http://www.makinghomeaffordable.gov) for information about the federal government's Making Home Affordable program** and to see if you are eligible for a modification under the Making Home Affordable program.
- **Call your lender.** Begin the process by calling your lender and asking for the department dedicated to home retention or homeownership preservation.

**Finally, beware of loan modification scams.** Loan modification scam artists are preying upon homeowners in danger of foreclosure or facing financial difficulty. Know the signs and get the facts about loan modification scams. Visit **NeighborWorks' Loan Modification Scam Alert campaign web site** for more information about loan modification scams and how you and your loved ones can avoid getting scammed – [www.LoanScamAlert.org](http://www.LoanScamAlert.org).