## III. HOMEOWNER BEWARE

- Most mortgage lenders collect your payments and forward them to the investor that actually owns your loan or note. This process is known as servicing the loan. Ask if your mortgage lender is only a servicer, and, if so, ask them for contact information for the investor that actually owns your loan or note. Generally, the note owner must approve a loan modification that is negotiated between you and the servicer.

- Do **NOT** stop making your mortgage payments payments in order to “qualify” for a loan modification. This can severely damage your credit and trigger the start of the foreclosure process.

- If you have a first and second mortgage (or even a third), you may have different mortgage lenders. You must contact all of your mortgage lenders before entering into a loan modification. When you have multiple mortgages on your home, working out a loan modification with one mortgage lender does not bar the other mortgage lender(s) from proceeding with a foreclosure.

- A short sale does not necessarily look better on your credit report than a foreclosure. It also may not free you from the balance you owe, leaving you with what is called a deficiency balance. Although recent changes to the tax codes generally prevent a short sale from being considered a taxable event, you should consult a tax professional about the possible tax implications of a short sale.

- **IF YOU ARE APPROACHED BY ANY PERSON REQUIRING UPFRONT FEES FOR LOAN MODIFICATION OR SHORT SALE SERVICES, DO NOT PAY THEM AND CONTACT THE DEPARTMENT OF REAL ESTATE AT (877) 373-4542.**

- Understand that your lender may not agree to a loan modification. You are requesting a change to the loan terms to which you and the lender already agreed. There is no obligation for the lender to approve your request for any change, and the loan modification request may be denied.