



There are good guys in loan modification business

By Robert Membrila
Thursday, April 9, 2009

Re: your April 7 Business article, "Officials target mortgage scams":

Scam loan modification companies are vulgar entities that should be put out of business and prosecuted for their fraud upon vulnerable families who need help.

This sentiment is shared by all responsible homeowners, politicians and businesspeople. Unfortunately, The Star's headline does not address the select few companies that are focusing on performing good works when it comes to saving homes in the community.

The owners and agents whom I work with at Plum Financial Group have been addressing loss mitigation and loan modification needs for the past nine months. Plum provides no-cost counseling and financial analysis for our clients in order to understand their mortgage and financial situation. Recommendations are made to help balance the household budget, and in a number of cases, the home loan must be addressed to correct extreme and deteriorating conditions.

Clients who must work to resolve their home loan situation are counseled to contact their lender for help. They are encouraged to investigate the government's Making Home Affordable program in order to determine the benefit to their family. The final alternative that is made available is to engage the services of a loss mitigation company that is properly represented by lawyers who are authorized to accept advance fees for services. The lawyers are bound by code of conduct and state requirements to properly manage client funds in a trust account for use in addressing their case.

Contracting with a loss mitigation company does not come with performance guarantees. Clients are informed that the lawyers and loan servicing company facilitate negotiations with the investor who owns their loan, and that the investor has the final say in what modification terms may or may not be offered. In a small percentage of cases, the investor will not be able to modify the loan payment to a level that is affordable. At this point, the loss mitigation firm works to peacefully resolve the situation through the use of short sale or deed in lieu settlement.

Not all clients who come to Plum are accepted for loss mitigation if there is no way that their home can be made affordable to them due to severe reductions in income or other financial priorities that would prevent the homeowner from paying their modified mortgage.

Plum's priorities are families, home, neighborhood, community and then business. This prioritization is underscored by Kristie Powell's answer to a problem that has caused her great stress. In order to offer professional loss mitigation services to a number of families who cannot afford the upfront fees, Powell, Plum's executive vice president, has committed to provide, at no cost, one needs-based loss mitigation contract for every 50 paid contracts that are processed.

While some in business would say that this is no way to get rich, fully applying one's energies, creativity, passion and conviction to this work carries rewards that can only be understood when households are preserved, one at a time.

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