



**State of North Carolina**  
**OFFICE OF THE COMMISSIONER OF BANKS**

**BEVERLY E. PERDUE**  
**GOVERNOR**

**JOSEPH A. SMITH, JR.**  
**COMMISSIONER OF BANKS**

**M E M O**

TO: All Licensees  
FROM: Charlie Fields, Jr. *CF*  
DATE: March 31, 2009  
RE: Loan Modifications and Debt Repair

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We are aware that many of you are receiving requests for assistance from financially-distressed homeowners, some of whom may be facing foreclosure. It is our hope that you will be able to help these borrowers obtain suitable refinances. However, if a refinance is not available, please be advised that in many situations you will be prohibited by law from assisting them in obtaining a modification of their loan for compensation or gain. The chief exception to this limitation is for employees of licensed Mortgage Servicers or Mortgage Lenders servicing loans on behalf of the owner of those loans.

Thus, if you are unable to assist a homeowner to obtain a quick and timely refinance, we encourage you to refer the homeowner to the HOPE Hotline (1-888-995-4673) for foreclosure prevention counseling. The HOPE Hotline is staffed by certified housing counselors trained to assist borrowers with loan modification and other debt repair issues and do not charge for this service. Of course you may always assist anyone pro bono – help given without compensation or gain from any source.

Both our office and the Department of Justice have received numerous complaints from consumers who are being offered “assistance” by companies that purport to engage in the “loan modification” business on behalf of the homeowner. Any attempt to collect advance fees for debt settlement or foreclosure assistance is strictly prohibited by NC law. If you are solicited by anyone that purports to engage in the loan modification business, we encourage you not to partner with these businesses, as you may find yourself committing a crime in this State. Nonprofit counseling services, as well as servicer loss mitigation staff, are available to help distressed borrowers through the hotline mentioned above. In addition, please refer any inappropriate solicitations by loan modification businesses to David Worth in this office so that we can investigate as necessary.

If you have questions about this notice, please go to our website [www.nccob.org](http://www.nccob.org) and review the miscellaneous FAQ’s under Mortgage for references to the statutes which generally prohibit compensation for this activity.