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## **Mortgage Loan Modification Services Act**

### **MORTGAGE LOAN MODIFICATION REGISTRATION ADVISORY FOR BUSINESSES**

Unless exempt under the law, mortgage loan modification service providers must be registered and certified to do business with a person they know to be Delaware resident even if the service is performed over the internet or on the telephone from another state rather than in person. Both “for profit” and “non-profit” mortgage loan modification service providers must be registered and certified.

All fees charged by mortgage loan modification service providers must be fully disclosed to consumers. A mortgage loan modification service provider shall not collect or solicit any fees from consumers before the consumer receives and executes a written offer from their lender/servicer which incorporates the modification services obtained by the provider. Further, if a consumer rejects an offer of a mortgage modification, the consumer is not required to pay the mortgage loan modification service provider any fees.

Registration forms for applicants that are available at this site include the application and surety bond.

The following are highlights only of the Delaware Mortgage Loan Modification Services Act found at 6 *Del. C.* § 2400C, *et seq.* It is important to read the entire Act and rules before

applying and/or conducting mortgage loan modification services in Delaware or directed to Delaware residents.

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2402C. The definition section describes terms used throughout the Act.

“Mortgage loan modification services” means services as an intermediary between an individual and 1 or more dwelling loan creditors for the purpose of obtaining assent to the repayment of a mortgage loan on terms more favorable to the individual than the terms of the original mortgage loan.

2403C. This section provides for exemptions for certain, enumerated providers or other persons.

2404C. An application must be on the form provided by the Attorney General and include the non-refundable fee of \$1,000, evidence of the required surety bond, and include copies of all commercial communications directed to consumers, whether in print, electronic, audio or visual media.

2405C. This section sets forth certain guidelines from which the Attorney General shall make a determination of whether to extend registration to an applicant provider.

2406C. The contract between the provider and the consumer must include the information and terms required in the Act, be transmitted in its final form to the consumer at least 24-hours in advance, and be signed, initialed, and dated by the consumer.

The contract must be printed in at least 12-point type and include the name and address of the provider.

The contract must disclose the exact nature of the mortgage loan modification services to be provided and the total amount and terms of compensation to be received by the provider.

The contract must include a provision that the consumer may cancel the contract at any time without penalty, and have a detachable form designated as a “Notice of Cancellation” for the use of the consumer for this purpose.

2407C. The provider must make specific disclosures to consumers in all commercial communications.

A statement that the provider is not associated with the government, and its services are not approved by the government or the consumer’s lender.

A statement that even if the consumer elects to use the provider’s services, the consumer’s lender may not agree to change the terms of the mortgage loan.

A statement that the consumer is free to stop doing business with the provider at any time.

A statement that the consumer may accept or reject any offer from their lender and if the consumer rejects the offer, the consumer is not required to pay the provider.

2408C. A provider may not:

Misrepresent the provider's affiliation, endorsement or approval by, or other association with certain government agencies, mortgage lender/servicers or any other individual, entity or program.

Represent to a consumer cannot or should not contact or communicate with their lender/servicer.

Request or receive payment of any fee or other consideration until the consumer has executed a written agreement with the lender/servicer outlining the repayment offer secured by the provider.

2409C. This section specifies the powers of the Attorney General in enforcing this Act and the remedies for violations.

NOTE: that these are highlights of the Delaware Mortgage Loan Modification Services Act. You must read the Act for all of the law's provisions. Nothing contained in this highlight shall be construed as legal advice.