

The Affordable Truth: Examining the Cost of Home Loan Modifications

Legal Objective, host of Foreclosure Prevention & Real Estate Debt Relief Law, follows one woman's quest for an affordable home loan modification and the resulting cost.

Feb. 1, 2010 - [PRLog](#) -- Jonathan Swift, "The Run Upon The Bankers"

A baited banker thus desponds,
From his own hand foresees his fall,
They have his soul, who have his bonds;
'Tis like the writing on the wall.

Can American homeowners afford the truth? Loan modifications arrived with a silver lining, the nation's buzzword of hope, only to quickly dissipate. The emerging facts of loan modification services attest to their failure, and the truth is revealed through the countless stories of struggling homeowners. The pretense of some home loan modification programs veil a gluttonous reality of deceptive tactics.

The subsequent letter is the personal correspondence from the mother of a Legal Objective attorney, a New York resident, to the Senior Vice President of Bank of America. She chronicles her experience of joining the BAC modification program through which she was placed on a trial period, lowering her monthly mortgage payment from \$3,262.00 to \$2,312.60. After being engaged in what was titled a three month trial period for almost eight months, she recently received her permanent modification in the amount of \$2,988.56. The permanent modification is a mere \$273.44 less than the original amount and \$675.96 more than the trial amount. This loan modification finalized after almost eighteen months, relentless paperwork, unresponsive bank representatives, and considerable angst.

At what cost? \$41,555.00, the cost of the loan modification tacked on to the principle for 3rd party fees and interest. Aside from the incomprehensible amount accrued, the lender's failure to disclose this possibility is the most egregious ruse. The final decision is only on the primary loan; Bank of America also services the second mortgage which is now under review for modification. The Bank of America Home Affordable Modification website states, 1. "Dealing with the possibility of not being able to make your home loan payments is already difficult. Unfortunately, scam artists often try to take advantage of homeowners." Well said, Bank of America, the writing is on the wall.

[Letter from Homeowner]

Mr. Ken Scheler
Senior Vice President
BAC Home Loans Servicing, LP
January 27, 2010

Dear Mr. Scheler,

After waiting for many months (my 3 month trial period became a 7 month test of nerves), and sending in many multiples of documents, endless phone calls etc., my husband and I have finally received our permanent 'Home Affordable Modification Agreement'. Up to this point we have been paying \$2,312.60 per month..... With some difficulty, but it is a payment we are able to live with. Now, after painfully

languishing in 'the process' for so many months, we have been given a monthly figure of \$2,988.56! That is \$675.96 a month more than what we were able to barely pay before! Not only that, we are given only 5 business days to find that \$675.96 extra that has been added to the more reasonable \$2,312.60 figure! I'd like you (whoever 'You' are) to explain to me, how is that supposed to happen in this economy? How and where are we going to find that amount of money in 5 days? If you check back through the mountains of paperwork we've sent you, you will see that my husband is on 100% commission for his pay (we had to send papers verifying that to you). Do you have any idea what it's like to have a \$200.00 paycheck two weeks in a row and a sudden \$675.96 a month jump in "affordable" mortgage payments due in just several working days???? This whole process has been an extremely painful one and, it seems the pain continues! The one person out of the multitude that I have spoken with that was worth speaking to has been [name redacted] in the Tempe, AZ office. She has been helpful, responsive, professional and compassionate and did what she could to help us through this agonizing process.

Wouldn't it have been decent of you to let us know ahead of time that you were adding over \$41,555.00 to our already bloated principal for interest and third party services etc.???? Wouldn't it also be decent of you to give us a month's notice so that we can have time to perhaps have a lawyer translate the loan document to us in terms that we can understand before we sign? Wouldn't it be a decent business practice to give us a month's notice so that we might be able to come up with the unexpected extra \$675.96 that's been added to our monthly payment?

Most importantly, would it not be decent to have someone that is knowledgeable and/or responsible for crunching these numbers available for us to speak with? The phone number you give for 'help' with questions is to the HOPE people who know nothing, can do nothing and can change nothing. Where's the 'help' in that?

My question to you is this: Where does the word AFFORDABLE fit in with your home loan modification program???

What kind of 'affordable' help has your Modification given me when my original mortgage payment was \$3,262.00 a month and your big deal modification monthly payment is only \$273.44 less than that? AND in six years your big deal modification is only \$90.00 less than my original payment? So my monthly payment now will be \$2,988.56 and in 6 years it will be \$3,172.28. We have spent almost 8 months on this for you to come up with a mere \$273.44 difference? I could skip some groceries, clip a few more coupons and save more money than that! My husband's gasoline bill driving to work is more than that! If you were able to see \$2,312.60 a month for the last 7 months as reasonable, then what is the problem with keeping that figure and adding a few years on to the end of the length of our mortgage?

Isn't the point of all of this to make our monthly payment AFFORDABLE?

I know that as a bank, you get \$1,500 for each sign up (despite if they make it to the end of the process or not). I see that you can add huge amounts onto the principle without ever indicating that will happen. I know that the government matches dollar for dollar in what you reduce payments by. So you will, in the end, make money on this 'process'. By adding some years to the end of our loan time, you'll also make more interest in the long term. You're a business. You make money. You charge us every which-way you can. So why can't you actually make my "Affordable Home Loan Modification" ... AFFORDABLE?

I'd appreciate an immediate response since you haven't given me much time.

Sincerely,
[Name Redacted]

1. <http://homeloanhelp.bankofamerica.com/en/avoiding-scams.html>

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