



State of Rhode Island
Department of Business Regulation



Director's Office
1511 Pontiac Avenue, Building 68-2
Cranston, Rhode Island 02920
Press Release
June 15, 2009

LOAN MODIFICATIONS

The Division of Banking ("Division") of the Department of Business Regulation finds that a position statement regarding loan modifications is necessary in order to provide clarity to the industry and to consumers. The Division has learned of individuals negotiating loan modification terms for borrowers and has received many inquiries regarding the applicability of current Rhode Island law governing loan modifications. Specifically, individuals are communicating directly with borrowers and borrowers' lenders in order to negotiate loan modification terms. In many instances, Rhode Island consumers are being charged high up front fees regardless of services rendered. The Division has also learned that consumers are being advised to cease making mortgage payments, even when already delinquent on payments. The purpose of this position statement is to clearly notify loan modifiers (those who engage in the act of directly or indirectly negotiating a loan modification) of the applicability of Rhode Island Uniform Debt-Management Services Act¹ ("Act").

The Act requires any person who provides debt-management services to an individual who it reasonable should know resides in Rhode Island at the time it agrees to provide the services, to be licensed as a Debt-Management Service Provider.

- "Provider" means a person that provides, offers to provide, or agrees to provide debt-management services directly or through others.
- "Debt-management services" means services as an intermediary between an individual and one or more creditors of the individual for the purpose of obtaining concessions.
- "Concessions" means assent to repayment of a debt on terms more favorable to an individual than the terms of the contract between the individual and a creditor.

Providers of such debt-management services should review the Act in its entirety. Any person who provides debt-management services for compensation and who does not hold a valid Rhode Island Debt-Management Service Provider license must immediately cease any such activity and notify the Division of any past activity that may have been conducted without the required license.

¹ R. I. Gen. Laws § 19-14.8-1 *et seq.*

A provider whose license number ends with the suffix "DM" with a "Valid" status may offer debt-management services. Any individual who has been offered or who has received debt-management services should go to the following link to verify whether a provider is licensed:
http://www.dbr.ri.gov/documents/divisions/banking/program_operations/List_of_Licensees.pdf.

Any individual who has been offered or who has received debt-management services from a provider who is not on the List of Licensees, should contact the Division via email to Lucy_Ponte@dbr.state.ri.us. Individuals without Internet access should contact the Division at (401) 462-9503 or in writing addressed to the Rhode Island Division of Banking, 1511 Pontiac Avenue, Building 69-2, Cranston, RI 02920.

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