

## **ADVANCE FEES FOR LOAN MODIFICATIONS NOW PROHIBITED**

On **October 11, 2009**, Governor Schwarzenegger signed Senate Bill 94 (Calderon), and the legislation took effect immediately upon his signature. Thus, California law now prohibits any person, including real estate licensees and attorneys, from demanding or collecting an advance fee from a consumer for loan modification or mortgage loan forbearance services affecting 1 – 4 unit residential dwellings.

**IF YOU ARE A REAL ESTATE BROKER, OR THE DESIGNATED OFFICER OF A LICENSED CORPORATION, WHO HAS BEEN ISSUED A “NO OBJECTION” LETTER BY THE DEPARTMENT OF REAL ESTATE FOR LOAN MODIFICATION OR OTHER MORTGAGE LOAN FORBEARANCE SERVICES, YOU CAN NO LONGER ENTER INTO THESE AGREEMENTS EFFECTIVE AS OF OCTOBER 11, 2009, NOR CAN YOU COLLECT ANY ADVANCE FEES FOR SUCH SERVICES.**

Agreements entered into and advance fees collected prior to **October 11, 2009** are not affected. Advance fees inadvertently collected after October 11, 2009 must be fully refunded.

All real estate licensees should become familiar with the provisions of SB94 as there are substantial administrative and criminal penalties for violations. For full details on Senate Bill 94, [CLICK HERE](#).