



NEWS RELEASE

FOR IMMEDIATE RELEASE: March 21, 2011

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Department of Real Estate Issues new Consumer ALERT to *Help Consumers Avoid Loan Modification and Mortgage Relief Scams*

SACRAMENTO – The California Department of Real Estate (DRE) has issued a new Consumer Alert to help consumers avoid falling victim to fraudsters. The DRE, whose mission is to protect and safeguard the public interests in real estate matters, issued the ALERT in response to the large number of fraud cases it prosecutes involving bogus promises of loan modification and mortgage relief made to vulnerable homeowners in financial distress.

“With so many people struggling to stay in their homes, foreclosure rescue and mortgage relief scams have risen dramatically,” DRE Commissioner Jeff Davi said. “The Consumer Alert will educate consumers and help homeowners avoid becoming victims of schemes intended to rip them off.”

DRE has set up over 4,500 cases that involved loan modification complaints. These cases have resulted in 244 Desist and Refrain orders to halt illegal operations that name 785 separate respondents. In addition, the DRE has filed 88 Accusations against 159 different real estate licensees for violating the real estate law in connection with offering loan modification services.

The typical scam involves the promise of a loan modification or other mortgage or foreclosure relief in exchange for an upfront fee, but once the fee is paid little or nothing is done to help the homeowner.

Helpful consumer tips on how to avoid such scams include:

- Never pay an upfront fee for loan modification services. Such fees are illegal. Advance fees for short sale, deed-in-lieu of foreclosure and other residential mortgage foreclosure rescue services are also illegal under a new federal rule, with a very limited exception for fees paid to lawyers.
- Watch out for promises of guaranteed success. No one can promise that a loan modification or other relief plan will be successful.
- Too good to be true testimonials. False claims of successes are often the hook to get consumers to pay upfront fees.
- Ask questions - lots of them! Check with the Better Business Bureau, and verify licenses and disciplinary records (if any) of those offering their services.
- Perform Internet searches, such as Google. Often consumers will post information about unscrupulous operators well before regulators can act.
- Contact a HUD approved counseling agency that can provide loan modification or other mortgage negotiation services for free.
- Do it yourself. You do not need anyone to represent you to obtain a loan modification. The DRE has Frequently Asked Questions on how to seek and negotiate a loan modification, and it can be accessed at http://www.dre.ca.gov/faq_home.htm

While the new Consumer Alert has been written to give consumers the necessary tools to protect themselves from becoming a victim, those who have been victimized by scammers should report that to the DRE.



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In addition to the new alert, the DRE posts on its website all the recipients of Desists and Refrain Orders and Accusations in loan modification complaints, along with a copy of the order to help consumers avoid the bad actors.

To learn more, you may obtain a free copy of the consumer alert from the DRE's website at: http://www.dre.ca.gov/pdf_docs/ca/ConsumerAlert_ProtectYourselfFromGettingRippedOff.pdf
The alert will also be available in Spanish and Chinese.

For more information about DRE and its programs visit www.dre.ca.gov.