



NEWS RELEASE

FOR IMMEDIATE RELEASE: February 24, 2011

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California Department of Real Estate Continues to Fight Loan Modification and Mortgage Relief Scams ***Consumers warned not to pay upfront fees***

SACRAMENTO – The California State Department of Real Estate (DRE) warns consumers to be wary of promises for loan modification and mortgage relief as scammers continue to prey on vulnerable, financially stressed homeowners. The DRE, whose mission is to protect the public interests in real estate matters, continues to file record numbers of actions against persons illegally offering loan modification and loan mortgage relief services. The typical scam involves the assurance of a loan modification in exchange for an upfront fee, but once the fee is paid little or nothing is done to obtain a loan modification.

“With so many homeowners facing financial hardship, foreclosure rescue and loan modification scams are very prevalent and consumers need to be on guard”, DRE Commissioner Jeff Davi said. “We have seen many variations of scams, but most all involve the collection of illegal advance fees. If someone asks for money upfront, that is a huge red flag”, Davi added.

Since 2008, the 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 accusing 159 different real estate licensees of violating the real estate law in connection with offering loan modification services.

The vast majority of the Desist and Refrain orders, which order the recipients to immediately cease the illegal activity, involve people who are not licensed to provide loan modification or mortgage related services or who are collecting illegal advance fees. Those licensees named in the accusations face the revocation of their real estate licenses. In addition to its own actions, the DRE has made over 100 referrals to the California State Bar identifying attorneys that were involved in unlawful loan modification activities. As a result, the Bar has filed against or revoked the licenses of 40 attorneys. The DRE has made referrals to law enforcement agencies requesting criminal prosecution.

Desperate homeowners are cautioned not to be swindled. Check out the person or company first by visiting the DRE web site which shows all the recipients of Desists and Refrain Orders and Accusations in loan modification complaints, along with a copy of the order:

http://www.dre.ca.gov/cons_DandR.html#licensing

Don't be a victim by following this advice:

- Never pay an upfront fee for loan modification services. Such fees are illegal.
- Watch out for promises of guaranteed success. Nobody can promise a loan modification will be successful.
- Ask questions, get referrals from people you know and trust, and always remember the following points. If it seems too good to be true, it probably is not true.
- Contact a HUD approved counseling agency that can provide loan modification services for free: <http://www.yourhome.ca.gov/mortgage-help.shtml#scams>
- Do it yourself. You do not need anyone to represent you to obtain a loan modification.



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- If you have been a victim of a scam, report it to the DRE.

For more information about DRE and its programs visit www.dre.ca.gov. Consumer Alerts are also available at http://www.dre.ca.gov/cons_alerts.html.