



NEWS RELEASE

FOR IMMEDIATE RELEASE: May 28, 2010

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California Department of Real Estate Continues to Battle Loan Modification Scams

Homeowners facing foreclosure are susceptible to scams

Sacramento – The California Department of Real Estate (DRE) continues to unearth and close down unscrupulous and unlicensed loan modification companies who prey on financially stressed homeowners. These companies seek out homeowners who are facing foreclosure and promise to obtain a loan modification, but once the homeowner pays a fee, little or nothing is done to get the homeowner's loan modified.

In 2009, the DRE filed actions against nearly 600 persons and entities that were providing loan modification services illegally. Another 150 such actions were filed in the first four months of 2010. For a complete list of actions filed by the DRE involving loan modification complaints visit http://www.dre.ca.gov/cons_drs.asp.

"These scammers are good at what they do. They promise to save your home; offer financial relief. Instead, they take your money and provide little or no services," stated Real Estate Commissioner Jeff Davi. "Homeowners seeking loan modification services must exercise caution and due diligence to ensure they do not fall victim to a scam."

If you are seeking a loan modification or looking for alternatives to foreclosure, taking the following precautions can prevent you from falling for a scam:

Never pay an upfront fee. A recent change to the law makes it illegal to collect advance fees for loan modification services. The advance fee prohibition extends to attorneys, real estate licensees and foreclosure consultants.

Look for free alternatives. The U.S. Department of Housing and Urban Development (HUD) offers Foreclosure Avoidance Counseling through non-profit agencies. Go to HUD's web site at www.hud.gov or call 800-569-4287. The HOPE NOW Alliance, which consists of a cooperative effort of home loan counselors and lenders, offers free loan modification assistance and can be contacted at 888-995-HOPE or visit its web site at www.hopenow.com.

Do it yourself. The DRE has some practical tips for homeowners who want some practical guidance in obtaining a loan modification with their lender. These tips can be accessed on the DRE's web site at www.dre.ca.gov/faq_home.html.

Check Credentials. Do not engage the services of an unlicensed loan modification firm! Persons or companies who charge a fee for loan modification services generally must be a licensed as a real estate broker or a lawyer. Check out a broker's credentials at the DRE's web site at www.dre.ca.gov. Check out lawyers at www.calbar.ca.gov. And remember, never pay an advance fee for loan modification services! Also check with the local Better Business Bureau.

Be Cautious of "Forensic Loan Audits". Forensic Loan Auditors, Certified Forensic Loan Auditors (there are no such certifications in the State of California), Mortgage Loan Auditors, Forensic Attorney-Backed Foreclosure Prevention Auditors, or some other official, important or lofty



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sounding title(s), often offer services then result in nothing more than the taking of a consumer's last few dollars. The DRE has issued a CONSUMER ALERT on forensic loan audits that has been posted on its web site at http://www.dre.ca.gov/cons_alerts.html.

If you have become the victim of a loan modification scam or Forensic Loan Audit fraud, or any other real estate fraud, you should file a complaint with the DRE.

For information about fraud prevention, the DRE, and its programs visit www.dre.ca.gov.

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