



NEWS RELEASE

FOR IMMEDIATE RELEASE: June 22, 2009

CONTACT: Tom Pool, (916) 227-0772

California Real Estate Commissioner Announces Issuance of Fraud Warning *Information includes fraud warnings for California Homeowners in Financial Distress*

SACRAMENTO – The California Real Estate Commissioner, Jeff Davi, announced today the issuance of a Consumer Alert by the California Department of Real Estate (DRE) warning consumers about loan modification scams and informing consumers of what they can do to protect themselves. The alert has been posted on DRE's Web site at:

http://www.dre.ca.gov/pdf_docs/FraudWarningsCaDRE03_2009.pdf and is also available in Spanish.

“With so many people struggling to stay in their homes, foreclosure rescue scams have risen dramatically”, DRE Commissioner Jeff Davi said. “The Consumer Alert will educate consumers and help homeowners avoid becoming victims to loan modification scams.”

With new state and federal programs, as well as new laws and regulations in place, more and more loans are being successfully modified to keep homeowners in their homes. Earlier this week, the California Department of Corporations released the results of its first quarter survey of mortgage servicers, which showed that there have been more modifications during the first three months of 2009 than there were at the same time last year. While it is welcome news that more Californians are remaining in their homes, it is also important for consumers to make sure they understand their options in regards to loan modifications. The Consumer Alert can be a valuable resource, especially since unscrupulous operators are looking to take advantage of vulnerable consumers.

Loan modification scams are worrisome and widespread. Last July, the DRE had fewer than 10 complaints involving loan modification companies; today the department has 750 pending investigations. In addition, since last October the DRE has filed over 200 Desist and Refrain Orders and Accusations involving loan modification scams and the list of offenders continues to grow. A list of the companies and persons the Department has filed an action against can be viewed at http://www.dre.ca.gov/cons_drs.asp.

Enforcement efforts are not enough; consumer education is the key to preventing any further fraud. The Consumer Alert contains important information on how consumers can protect themselves against unscrupulous providers who collect advance fees promising financially stressed borrower's relief, but instead, do little or nothing. The alert also provides information on where to report fraud and what resources may be available to victims of fraud to recover losses suffered at the hands of illegal or incompetent operators.

It is worth noting that not all firms who collect advance fees for loan modification services do so illegally. In general, only licensed real estate brokers and attorneys operating within the scope of their license may collect advance fees. Real estate brokers must have their advance fee agreement reviewed by the DRE prior to its use to ensure it is compliant with the Real Estate Law.

The Commissioner encourages all consumers to log on to DRE's Web site at http://www.dre.ca.gov/mlb_adv_fees.html to check out any real estate broker wanting an up-front fee in exchange for loan modification help. Be aware, even real estate brokers with compliant advance fee



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agreements are prohibited from collecting advance fees for loan modification services involving a property against which a Notice of Default has been recorded.

No person is required to pay a third party for a loan modification. A consumer can simply call his or her lender or use the services of a nonprofit housing counselor. Commissioner Davi encourages consumers to visit the DRE's Web site for information on loan modifications. "Log on, look 'em up and check 'em out" to ensure that a company wanting an advance fee is properly licensed and can legally collect an advance fee before they sign on the dotted line.

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