



OFFICE OF THE
DISTRICT ATTORNEY

COUNTY OF SHASTA

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PRESS RELEASE
New Law Prohibits Up-front Fees for Foreclosure Relief Services

The Shasta County District Attorney Office's newly formed Real Estate Fraud Unit is announcing that it has a new tool to assist Homeowners from being scammed out of their money while being threatened with foreclosure. California Senate Bill 94 has been signed into law, prohibiting individuals and businesses from charging Homeowners up-front fees for foreclosure relief services.

It is now unlawful for any licensed attorney or real estate agent "who negotiates, attempts to negotiate, arranges, attempts to arrange, or otherwise offers to perform a mortgage loan modification or other form of mortgage loan forbearance for a fee or other compensation paid by the borrower...to claim, demand, charge, collect, or receive any compensation until after the [attorney or agent] has fully performed each and every service the licensee contracted to perform or represented that he, she, or it would perform."

Prior to this law, licensed attorneys and real estate brokers could charge advance fees under certain limited circumstances. Foreclosure scam artists often sought to exploit this exception. The new law closes this loophole.

The California Attorney General's Office has also issued a directive that forced 386 mortgage foreclosure consultants to register with his office and post \$100,000 bond. The registry will provide Shasta County residents with information about potential consultants and recourse in the event that a consultant violates the law.

The following tips are offered to homeowners:

- Don't pay up-front fees. Foreclosure consultants are prohibited by law from collecting money before services are performed.
- Don't ignore letters from your lender or loan servicer. Responding to those letters is your best bet for saving your house.
- Don't transfer title or sell your house to a "foreclosure rescuer." Beware! This is a scam to convince homeowners they can stay in the home as renters and buy their home back later. It might also be part of a fraudulent bankruptcy filing. Either way, a scammer can then evict the victim and take the home.
- Don't pay your mortgage payments to anyone other than your lender or loan servicer. Some mortgage consultants keep the money for themselves.

- Never sign any documents without reading them first. Many homeowners think that they are signing documents for a loan modification or for a new loan to pay off the mortgage they are behind on. Later, they discover that they actually transferred ownership of their home to someone who is now trying to evict them.
- Be wary of using foreclosure consultants outside the State of California.

If someone demands an upfront fee for foreclosure assistance services, you can report them to the Shasta County District Attorney's Office at (530) 245-6300. You can also report them to the Attorney General's Office at 1-800-952-5225, or file a complaint on line at:

www.ag.ca.gov/consumers/general.php

To assist in determining if a mortgage foreclosure consultant has registered with the Attorney General's Office visit: <http://ag.ca.gov/loanmod>

The text of Senate Bill 94 can be found at: http://www.leginfo.ca.gov/pub/09-10/bill/sen/sb_0051-0100/sb_94_bill_20091011_chaptered.html

For questions, contact District Attorney Jerry Benito at 245-6310. To report a violation or other local real estate fraud issues contact Investigator Bob Angulo at 245-6350 or via email at rangulo@co.shasta.ca.us.