

**FTC/Treasury/DOJ/HUD/State Attorney General
Mortgage Modification Roundtable**

**Statement of Chairman Jon Leibowitz
As Prepared for Delivery**

September 17, 2009

As you've just heard today, con artists are using this housing crisis as an opportunity to prey on people in distress. They promise to rescue homeowners in troubled financial waters but, after they take the money, they throw them an anchor instead of a lifeline.

The FTC is working on several fronts to stop this: law enforcement, new rules, and consumer education. First, in 2009 alone, we've brought more than two dozen cases against more than 100 defendants who ran foreclosure rescue scams or ripped off consumers affected by the economic downturn.

Today's enforcement announcement deals with two more bogus companies that failed to live up to their promises. In our case against the so-called "Nations Housing Modification Center" – the malefactors guaranteed to modify mortgages. They required a minimum up-front fee – of \$2,500 or more. But they failed to deliver on their promises. And they made the situation worse by telling homeowners to stop making their mortgage payments, which caused many people to lose their homes.

Just as disturbing, this outfit bombarded struggling homeowners with direct mail making their company look like the federal government's "Making Home Affordable" program. That program really does help distressed families in need – for free. Here's what the envelope looked like. It purported to be from Washington DC, had an official-looking seal, and warned that tampering can be a "crime" – a statement typically found only on mail from the government.

We filed this case yesterday in federal court to stop these deceptive practices. Let me thank the Secretary Geithner; Neil Barofsky, the SIG-TARP, and The San Diego District Attorney for all their work on this case. And we're not done. We've got more cases in the pipeline.

On a second front, the FTC is combating mortgage modification scams with new rules that will cover all stages of the mortgage life-cycle, from disclosures to appraisals to servicing. In particular, we are going to examine whether to ban up-front fees for mortgage modification services, as several states have already done.

Finally, with the assistance of our federal and state partners, we are doing everything we can to educate consumers. In July, the FTC released "*Real People. Real Stories*," a video about saving your home from foreclosure scammers. We have sent this video to almost 10,000 housing counselors, non-profits, businesses, and government officials, and it has received rave

reviews. Most important, homeowners facing foreclosure should engage in self help. If you're worried about keeping your home, avoid any company that:

1. Asks for a large fee in advance
2. Guarantees that they'll stop a foreclosure or modify your loan
3. Tells you to stop paying your mortgage company.

Consumers should report foreclosure rescue scams to [FTC.gov](https://www.ftc.gov). It helps us target the worst abusers, and we share complaints with all the folks who are here today – other federal, state, and local enforcers – leading to many of the cases we have already brought.

By working together, we can make a real difference for consumers.