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Congresswoman Doris Matsui Advocates for Increased Consumer Protection Against Loan Modification Scams

Presses Federal Trade Commission for Full Disclosure to Consumers of Financial Terms on New and Existing Loans

WASHINGTON, D.C. – Rep. Doris Matsui (CA-05) addressed the Commerce, Trade, and Consumer Protection Subcommittee Hearing today on the topic of “Consumer Credit and Debt: the Role of the Federal Trade Commission (FTC) in Protecting the Public.” Below are her remarks as prepared for delivery:

“Chairman Rush, thank you for calling today’s hearing. I applaud your leadership in addressing this important issue. I would also like to thank Chairman Leibowitz and the rest of our panelists for sharing their expertise with us. In today’s economic recession, many families in my home district of Sacramento are struggling to make ends meet. I have heard countless stories of people losing their homes, their jobs, and their way of life.

“As we all know, the housing crisis has had an unprecedented effect on our economy. The rising unemployment will cause even more Americans to face foreclosure. California, and in particular, my home district of Sacramento, has been greatly impacted by the foreclosure crisis. Many of my constituents were victims of predatory lending and were ‘steered’ into high-cost, bad loans.

“Now many of these homeowners are seeking assistance in modifying their loans to more affordable loan terms. However, that has been a serious issue for many. In some cases, their original loan company is not in business or in some cases, their lenders or servicers are not being responsive, leaving struggling homeowners feeling desperate to save their homes.

“As a result, many have been tricked into contacting scam artist posing as so-called ‘foreclosure consultants’ or ‘government agencies’ to save their homes. These scams are costing thousands of dollars and false promises to struggling homeowners. I am a member of the Sacramento District Attorney’s Foreclosure Task Force, which is charged with cracking down on mortgage fraud. Many of these unfortunate scams have been well documented in my district. It is clear that consumers are not being properly protected from these shameful, unacceptable practices.

“We are here today to determine what more the government can and should do to stop these abuses from occurring today and in the future. I thank you Mr. Chairman for holding this important hearing today.”