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Matsui Bill to Combat Foreclosure Rescue Scams Included in FTC Legislation, H.R. 2309

Washington, DC – A bill introduced by Congresswoman Doris Matsui (CA-05) to guide the Federal Trade Commission (FTC) rulemaking process on mortgage foreclosure rescue and loan modification scams was included in H.R. 2309, the Consumer Credit and Debt Protection Act, which is being marked up the Energy and Commerce Subcommittee on Commerce, Trade and Consumer Protection today. A member of the Subcommittee, Rep. Matsui introduced her bill, H.R. 2666, the Mortgage Foreclosure Rescue and Loan Modification Services Fraud Prevention Act of 2009, earlier this week in an effort to crack down on these destructive scams that are hurting American families.

Scores of struggling homeowners have been tricked into contacting and paying so-called ‘foreclosure consultants’ to save their homes from foreclosure. Often however, the homeowner is paying for a service that they never receive, which have further devastated our communities. The scam artists are paid up to \$7,500, and homeowners are then left further into debt, and still facing the harrowing threat of foreclosure.

“The same bad actors who put homeowners into subprime loans are now posing as so-called ‘foreclosure consultants’ offering false promises and costing thousands of dollars for homeowners,” said Rep. Matsui. “It is clear that homeowners are not being properly protected from these scams; the government needs to step in and regulate these shameful practices.”

Congresswoman Matsui’s Mortgage Foreclosure Rescue and Loan Modification Services Fraud Prevention Act of 2009 will:

- Require the homeowner and the foreclosure consultant to enter into a written agreement;
- Allow the homeowner the right to cancel the contract within a set number of business days as determined by the FTC; and
- Ban so-called advanced fees that homeowners pay foreclosure consultant in advance for a

foreclosure rescue service or loan modification. This will stop the practice of homeowners being tricked into paying up to \$7,500 for a service never rendered to save their home.

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