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NEWS RELEASE

FOR IMMEDIATE RELEASE

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Department of Finance Offers Tips to Distressed Homeowners on How to Avoid Mortgage Relief Scams

As a part of Financial Literacy Month the Idaho Department of Finance is promoting online resources for homeowners who are behind on their mortgage payments, or who may be at risk of falling behind on their mortgage payments.

“Homeowners need to know that federal and state laws are in place to protect them from mortgage relief scams that have sprung up during the mortgage crisis,” said Gavin Gee, Department of Finance director. “Homeowners facing potential foreclosure should educate themselves and become savvy about mortgage relief scams designed to exploit their vulnerabilities.”

Gee advised Idaho homeowners who are seeking mortgage modifications from third party providers to verify that the companies they are dealing with are licensed by the Department of Finance. A list of licensees is available on the Department’s website at <http://finance.idaho.gov>. To help protect homeowners from being victimized, state and federal laws ban the collection of up-front fees by companies offering mortgage modification services. “This protection is especially important at a time when many homeowners are falling behind on their mortgages and facing the potential of foreclosure.”

Mortgage modification companies may not collect a fee until the homeowner has signed an agreement with the lender that describes the terms of the modification and the fees associated with the service. The company must also provide written notice that the homeowner can reject the offer without incurring any obligation.

Before a homeowner agrees to accept terms of a mortgage modification, the mortgage modification company must also provide written notice to the homeowner from the lender or servicer describing how the modification will change the terms of the homeowner’s loan.

Information for Homeowners and Businesses

The Idaho Department of Finance offers homeowner relief information on its website (<http://finance.idaho.gov/Mortgage/ForeclosureResources.aspx>). This is where Idaho homeowners can view an [online brochure](#) provided by the Department of Finance listing phone numbers for HUD approved housing counselors who offer free housing counseling. Links to various governmental resources and information are also available.

The Idaho Attorney General's Office has issued a publication to assist Idaho homeowners entitled, "[Foreclosure Prevention and Foreclosure Scams: How to Tell the Difference](http://www.ag.idaho.gov/publications/consumer/ForeclosurePreventionandScams.pdf)" (<http://www.ag.idaho.gov/publications/consumer/ForeclosurePreventionandScams.pdf>) that teaches homeowners how to spot and avoid mortgage relief scams.

The FTC has also issued a helpful publication for homeowners entitled, "[Mortgage Assistance Relief Scams: Another Potential Stress for Homeowners in Distress](http://www.ftc.gov/opa/2011/02/pdf/110210mars_homeowners.pdf)" (http://www.ftc.gov/opa/2011/02/pdf/110210mars_homeowners.pdf).

Additionally, the Federal Trade Commission (FTC) has issued two new business education publications that can be found on its website at <http://www.ftc.gov>. "[The Mortgage Assistance Relief Services Rule: A Compliance Guide for Business](#)" describes the key provisions of the MARS Rule to help covered businesses ensure that they are in compliance. "[The Mortgage Assistance Relief Services Rule: A Compliance Guide for Lawyers](#)" contains specific guidance for attorneys who provide mortgage assistance relief services.

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April has been declared Financial Literacy Month in Idaho by Governor C. L. "Butch" Otter. During the month, the Department of Finance will be issuing financial tips on current subjects. If there is a topic you would like to see addressed, please submit your idea to finance@finance.idaho.gov. Consumers can obtain information about financial firms, professionals or products, as well as view more Department press releases and other information by going to the Department's website at <http://finance.idaho.gov> or contacting the Department at (208) 332-8000 or toll free within Idaho at 1-888-346-3378.