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- CONSUMER ALERT -

Attorney General and Department of Finance warn of “foreclosure rescue” schemes

(Boise) – Idahoans facing foreclosure on a home mortgage should be wary of fraudulent “foreclosure rescue” scams, Attorney General Lawrence Wasden and Department of Finance Director Gavin Gee said today. Wasden and Gee encourage anyone who may be facing foreclosure to become informed about their options.

“Talk to your lender as soon as you realize there may be a problem meeting your mortgage payments,” Gee advised. “Letting time pass, with the mortgage unpaid, will only make the consumer’s problems worse. Licensed debt and credit counselors, legal assistance, or certain government agencies can offer information and options about foreclosure while you are working with your lender.”

The Attorney General’s Office and the Department of Finance have received complaints from consumers who unsuccessfully used “foreclosure rescue” companies in an attempt to avoid foreclosure.

“The possibility of losing one’s home to foreclosure is, to say the least, frightening for anyone,” Attorney General Wasden said. “Foreclosure rescue scam operators take advantage of this fear to their own profit and the consumer’s loss. Many of these schemes are designed to fail so that consumers lose their homes to the so-called rescue company.”

Mortgage “foreclosure rescue” scams operate by promising to save a consumer’s home from foreclosure, either for a fee or by securing the property’s title to the rescue company. However, the rescue company often ends up owning the home, while the consumer loses the home and the equity in the home.

Many foreclosure rescue offers contain the following elements:

- You are asked to sign a contract agreeing to turn over your home to the “foreclosure rescue” operator.
- The contract states that you may lease “your” home for a specific amount of time, with the option to buy back “your” home by a certain date.
- The “foreclosure rescue” operator requires you to pay a fee for assistance in “rescuing” you from foreclosure. The fee may be substantial, and may even equal all of the equity in the home.
- At the end of the contract date, the “foreclosure rescue” operator promises to return home ownership back to you.

Consumer problems associated with “foreclosure rescues” include:

- Frequently, it will cost more money to rent your former property from the “foreclosure rescue” operator than you can afford.
- If you default or cannot make a full payment, you are evicted from your home and lose any equity you may have had in the property.
- If you try to refinance the home to get out from under the contract, you may not qualify for the payoff amount required by the “foreclosure rescue” operator.
- Once you fulfill the terms of the contract, you find the “foreclosure rescue” operator refuses to return your home.

“Approach any mortgage foreclosure resource service with caution. It is very important for Idahoans to know that, absent fraud or deceptive practices, Idaho law will not protect you from giving up your equity and agreeing to pay a substantial amount for rent and repurchasing your home at a later date,” Attorney General Wasden said.

“I encourage anyone who is facing foreclosure to seek the advice of a qualified professional who does not have a personal interest in your decision,” Department of Finance Director Gavin Gee said. “There are many avenues to obtain information about foreclosure options, legal services available to you or licensed debt and credit counselors or lenders.”

Some of these contacts include:

- The Idaho Department of Finance (<http://finance.idaho.gov>) can provide names of licensed debt and credit counselors or regulated lenders. Telephone: (208) 332-8000 or, toll-free in Idaho, (888) 346-3378.
- The Idaho Attorney General's Office (www.ag.idaho.gov) will accept consumer complaints where fraud or deception is alleged. Telephone: (208) 334-2424 or, toll-free in Idaho, (800) 432-3545.
- The Idaho State Bar Referral Service can help Idaho residents find and hire a private attorney. Write to the service at: Idaho State Bar, P.O. Box 895, Boise, Idaho, 83701, or call (208) 334-4500.
- The U.S. Department of Housing and Urban Development (HUD) National Servicing Center, Oklahoma City, OK, can provide foreclosure information on FHA loans: (888) 297-8685.
- NeighborWorks America, in partnership with the Homeownership Preservation Foundation, hosts the National Foreclosure Prevention Line: (800) 995-HOPE (4673).

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