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**National Campaign Empowers Homeowners to Combat
Loan Modification Scams**

A network of local, state and national partners announces new resources for at-risk homeowners to recognize scams, report them and find legitimate help

Los Angeles, CA, October 26, 2009 — Today in Los Angeles, a partnership of local, state and national government agencies, nonprofit organizations and financial institutions gathered at City Hall to launch a national public education campaign designed to help homeowners protect themselves against loan modification scams, find trusted help and report illegal activity to authorities. This was the first of several kickoff events scheduled to announce the “Loan Modification Scam Alert” campaign rollout in major cities across the country.

The national foreclosure rate has reached an all-time high of 8.85 percent, and millions more foreclosures are expected in coming years. “As the foreclosure rate grows, more and more homeowners are being deceived by scam artists who prey on their fears,” said Eileen Fitzgerald, Chief Operating Officer of NeighborWorks America. “This campaign is based on the belief that knowledge is the best defense, which is why the campaign equips homeowners with the tools they need to minimize their risk and stop scammers in their tracks.”

Los Angeles is one of several metropolitan areas in California to consistently rank among cities with the highest foreclosure rates. It has the highest number of homes in foreclosure in the nation. “Too many residents in Los Angeles, like homeowners nationwide, are losing thousands of dollars and their homes to scam artists who make big promises and then do little or nothing to help them save their homes,” said Los Angeles Mayor Antonio Villaraigosa. “Anyone can be a victim and the people of Los Angeles need to know what resources are available to them. They



need to know that legal aid groups, financial institutions, and HUD-certified counselors are offering free services to anyone seeking help.”

In April, Mayor Villaraigosa announced a path breaking city ordinance to increase protections for Angelenos against fraudulent mortgage loan modifications. This measure – the first of its kind in the United States – fills a critical gap in the regulation of mortgage consultants and grants rights to homeowners at risk of foreclosure. The ordinance protects homeowners, imposes harsher penalties on scam artists, and informs Angelenos of their rights as residents of Los Angeles.

In addition to remarks from Mayor Villaraigosa and Ms. Fitzgerald of NeighborWorks, the kickoff event featured representatives from LA City Council, the local faith-based community, the Federal Trade Commission and Los Angeles Neighborhood Housing Services, Inc. Also present were local homeowners who shared their personal experiences with loan modification scams to inform other homeowners in their community about this activity.

NeighborWorks America will coordinate the nationwide effort through its 235 community-based affiliates and other local, state and national partner organizations, including the Department of Housing and Urban Development (HUD), the Federal Trade Commission, the U.S. Department of the Treasury, Fannie Mae, Freddie Mac and the Lawyers’ Committee for Civil Rights Under Law.

Together, the partners aim to reach thousands of distressed homeowners in hundreds of communities at high risk for fraud activity. The campaign will target all audiences, but its resources are focused sharpest on those groups that have already seen high levels of scam activity, including seniors, Hispanics, African Americans and Asian Americans.

As part of the campaign, information, resources and reporting capabilities are now available around the clock at www.LoanScamAlert.org and by calling 1-888-995-HOPE (4673). Community groups may also visit the Web site to access campaign materials available for download and distribution in their area.

Through real-life scam stories, collateral materials, print advertising, local radio PSAs, events, word of mouth and social media activity, the campaign will educate the public about the warning signs of a loan modification scam. “Borrowers must avoid any individual or firm that asks for a fee in advance, guarantees a loan modification or tells you to pay them instead of paying the mortgage. Only a lender can guarantee a loan modification and they do not charge,” said Lori Gay, president and chief executive officer of campaign partner Los Angeles Neighborhood Housing Services, Inc., one of the 235 organizations in the NeighborWorks network.



Homeowners are also urged to report scam activity at once to the proper authorities through the campaign Web site and hotline. “We want to stress how crucial it is for people to learn the signs of a scam and quickly report any encounter that just doesn’t ring true,” said Tom Syta, assistant director of the FTC’s Western Region. “Scammers are out there trying to take advantage of people in a tough spot. The campaign is making it easier for homeowners in distress to fight back, and help us shut scam artists down.”

The partnership has designated November as “National Loan Modification Scam Awareness Month” and will promote a variety of special events and initiatives throughout the month. In the coming weeks, the campaign will also travel to Miami (Oct. 29) and Columbus (mid-November). For more information about the campaign visit www.LoanScamAlert.org.

A Webcast of the Los Angeles event will be available on-demand anytime after noon PST on Oct. 26 at: <http://media.xfactorcom.com/loanmodificationscamalert/20091026/>.

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About NeighborWorks America

NeighborWorks America is a national nonprofit organization created by Congress to provide financial support, technical assistance and training for community-based revitalization efforts. NeighborWorks includes a national network of 235 community-based organizations in 50 states, which strives to create healthy communities through the work of thousands of residents, business people, government officials and other partners.