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## **VIRGINIA’S FORECLOSURE RESCUE SCAM LAW NOW IN EFFECT** *Scam Artists Have Made Lives Even Worse For Some Homeowners Facing Foreclosure*

The rise in foreclosures has spawned a new industry that takes advantage of vulnerable homeowners afraid of losing their homes. It is called **the foreclosure rescue scam**. Homeowners are tricked into paying for non-existent services, losing equity, or losing the home.

**As of July, there is now protection for Virginia residents.**

In its last session, the General Assembly unanimously approved legislation that makes many of the most frequent scams illegal. The practice of collecting fees for so-called rescue services before any services have been performed is now banned; and if the homeowner deeds over his house to someone who is promising to help him and pays the new owner rent, that rent must be applied to the mortgage payments. It is now also illegal to promise a homeowner that they will be able to buy back the house unless the terms are clearly set out in a contract. Advertising any of these practices is illegal itself, as is requiring the homeowner to submit to mandatory arbitration in a foreclosure rescue contract.

**The prohibited practices are now covered by the state’s Consumer Protection Act, which provides for restitution for losses suffered as a result of illegal actions.**

The new law was the result of a coalition of consumer groups and the industry, and was co-patroned by Del. Glenn Oder (R-Newport News), Del. Sal Iaquinto (R-Virginia Beach), and Sen. Walter Stosch (R-Henrico). Housing Opportunities Made Equal of Virginia is a fair housing and advocacy organization that provides foreclosure intervention services to homeowners throughout the state. According to HOME’s president and CEO, Connie Chamberlin, “We were seeing too many people who were losing money or their homes through these schemes. The new law is a great example of cooperation to find a solution that works for everyone.”

Del. Oder said, “The abuses were appalling. It was time to put a stop to these practices and protect Virginia’s homeowners.”

Tanya Bullock of Bullock & Cooper Law Firm in Virginia Beach represents clients who are being victimized by individuals and companies advertising “foreclosure rescue.” Tonya Johnson-Avery’s (a client of Bullock) house appeared in the paper and was days away from foreclosure. She received a flyer on her door advertising foreclosure prevention/rescue. She contacted the ‘rescuer’ who said that he had an investor who could assist her with refinancing the home. The ‘rescuer’ had her sign a power of attorney, which he claimed was needed to get the current payoff amount from the trustee, but instead gave power of attorney to another individual who attended a real estate closing that actually sold Mrs. Johnson-Avery’s home to the investor. Everyone received proceeds from the “sale” except for Ms. Johnson-Avery.

**Shortly thereafter, the investor served Mrs. Johnson-Avery with eviction papers requesting a court to put her, her husband and children out on the street.**

Bullock states, “It is unfortunate that individuals are taking advantage of people in this most distressing point of their lives and these rescuers are getting more and more sophisticated with it.”

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HOME has been helping homeowners avoid foreclosure for more than two decades. In addition, the not-for-profit agency prepares prospective buyers to be successful, long-term homeowners and helps protect all Virginians from illegal housing discrimination. For more information on HOME and its programs, visit [www.phoneHOME.org](http://www.phoneHOME.org) or call (804) 354-0641.

For foreclosure rescue scam client stories: Please contact Tanya Bullock, Bullock & Cooper Attorneys at Law, (757) 965-5608 or Len Bennett, Consumer Litigation Associates, (757) 930-3660.

**FREE MEDIA RESOURCE: If you would like to be on the regular distribution list for HOME’s Housing Snapshots Data, a FREE data source for media focusing on the housing market in the Commonwealth of Virginia, you may do so by emailing [info@phonehome.org](mailto:info@phonehome.org) or you can view it on our website at [www.phoneHOME.org](http://www.phoneHOME.org)**

