

NATIONAL
CONSUMER LAW
CENTER INC



FOR IMMEDIATE RELEASE: May 31, 2005
CONTACT: Steve Tripoli or Elizabeth Renuart,
617-542-8010

S. Tripoli, day of news conference only: 617-852-0523
stripoli@nclc.org or erenuart@nclc.org

NCLC's "Dreams Foreclosed" Report Details Rampant, Nationwide Theft of Americans' Homes and Equity

Many Thousands Losing Biggest Asset to Foreclosure "Rescue" Scams; Stories from Many States, Plus an Outline for Harder-Hitting Remedies

How the Worst Scams Go On and On - Growing Industry Even Teaches the Tactics; *Report's Release at National Press Club, Washington, This Thursday at 9:30 a.m.*

BOSTON – The coast-to-coast real estate boom has spawned a nasty dark side in the form of an extremely widespread and damaging consumer scam. Foreclosure “rescue” scams find their opening at the intersection of surging home values and the new financial stresses many families face, says NCLC’s new report “Dreams Foreclosed: The Rampant Theft of Americans’ Homes Through Equity-Stripping Foreclosure ‘Rescue’ Scams.”

The large run-up of real estate values in recent years has left many homeowners, often unwittingly, sitting atop five- and six-figure chunks of home equity. But the growth of this pile of wealth -- and an unprecedented variety of ways to tap into it -- has coincided with tremendous financial pressures on a wide swath of American families. Rising costs for housing, health care and education plus increasing job insecurity, income volatility and downward pressure on real incomes have fueled a dramatic surge in bankruptcy filings and other financial distress.

“This is a uniquely bad collision of the financial stresses on homeowners with a boatload of bad ways for them to be conned into losing their homes or the equity in them,” says NCLC’s Steve Tripoli, principal author of the report.

“The scam artists pick up notices of mortgage default off the public record and then aggressively market themselves to desperate homeowners as their saviors,” Tripoli says. “But the reality is all too often quite different. They’re double-dealers who are really after the built-up equity in the house or even, in quite a few cases, the house itself. They take homes outright either through trickery or by saying they’ll give homeowners a reasonable chance to buy them back, but they usually structure even those deals so that recovery’s all but impossible. They just don’t seem to care how many wrecked lives they leave behind – this can knock a family right out of the middle class or torpedo a low-income family’s dreams of getting there.”

Case studies abound. There’s the California firm with at least 1,800 clients in that state alone and operations in several other states that was recently brought to heel by

California's Attorney General. Minnesota's AG has put major scammers out of business and is pursuing others, a high-profile action in Colorado drove another scam artist out – only to see him re-surface, still in business, in Texas -- and there have been major outbursts of these scams in the D.C./Maryland/Virginia region, Florida, New York, Ohio and many other states. It's important to note that most of these scams go either completely unexposed or unpunished.

Laws attempting to rein in these scams have passed in several states but, too often, met with limited success. "Individual homeowners face difficulties finding attorneys or paying for the time it takes to track down the perpetrators," says report co-author Elizabeth Renuart. "And states may lack the resources or legal firepower to put the scammers out of business. State laws need strengthening in a variety of ways." NCLC's report analyzes these state laws and what can be done to improve both the laws and their enforcement. The report also includes an important section of advice for consumers on avoiding and combating these scams.

"Dreams Foreclosed" contains numerous individual stories and reports of foreclosure 'rescue' tactics used around the country, plus a special section of exhibits. At Thursday's news conference one Maryland homeowner who lost her home to this scam will tell her story. The report also documents why it's been so hard to beat these scams and how foreclosure 'rescue' tactics have become a major part of many nationally-advertised "get rich quick in real estate" seminars. **Almost all those cited in the report are willing to be interviewed by the news media about their experiences and what might be done to combat these scams.**

"Dreams Foreclosed: The Rampant Theft of Americans' Homes Through Equity-Stripping Foreclosure 'Rescue' Scams" will be officially released this Thursday, June 2nd, at a 9:30 a.m. news conference in the National Press Club's 13th-floor Murrow Room. The Press Club is at 529 14th Street NW, Washington, DC. Full-color copies of the report will be distributed at the event and will also be available for downloading starting at that hour on NCLC's website at www.consumerlaw.org.

Copies of NCLC's popular and pertinent consumer guide, "The National Consumer Law Center Guide to Surviving Debt," will also be available free to media members that day.

THURSDAY'S PLANNED SPEAKERS:

- "Dreams Foreclosed" co-authors Steve Tripoli and Elizabeth Renuart of NCLC
- Ms. Wanda Walker, who lost her Fort Washington, Maryland, home to this scam
- AARP Foundation Senior Attorney Jean Constantine-Davis. The Foundation has taken legal action against these scams in the DC/Maryland area.

###

National Consumer Law Center is a non-profit organization with 37 years of working experience in consumer issues, especially those affecting low-income consumers. NCLC works with and offers training to thousands of legal-service, government and private attorneys, as well as community groups and organizations representing low-income and elderly people. Our legal manuals and consumer guides are standards of the field and can be ordered directly at www.consumerlaw.org or by calling our Publications Department at 617-542-9595.