



News Release

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FOR IMMEDIATE RELEASE
Nov. 24, 2009
#09-33

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TENNESSEE ATTORNEY GENERAL CAUTIONS CONSUMERS TO KEEP WATCHFUL EYE OUT FOR "FORECLOSURE RESCUE" COMPANIES CHARGING UP-FRONT FEES

Tennessee Attorney General Bob Cooper and Division of Consumer Affairs Director Mary Clement are warning Tennesseans to remain vigilant about spotting potential "foreclosure rescue" companies who try to charge money in advance and then do little or nothing for the consumer.

A new consumer protection law passed by this year's General Assembly makes it illegal to charge any up-front fees to consumers prior to completion of all promised "foreclosure rescue" services. The new law, which went into effect May 13, also gives consumers the right to cancel a written contact with such companies within three business days after signing the contract.

Recent news reports state that foreclosures are continuing to rise nationally, including a rise in foreclosures for fixed-rate home loans made to consumers with good credit. The economy and rising unemployment rates are affecting consumers nationwide and the Tennessee Attorney General's Office wants to make sure that Tennesseans are aware of the new law designed to keep them from being taken advantage of if faced with foreclosures on their homes.

"These are challenging economic times, and we want to continue to help consumers by making them aware of new protections being implemented on their behalf," Attorney General Cooper said. "We want to ensure Tennesseans have all the facts even when trying to make difficult decisions when seeking loan modification or foreclosure assistance."

Free certified foreclosure prevention counselors are available to help consumers who are facing foreclosure in Tennessee. Consumers can access a list of these free certified foreclosure prevention counselors by calling 2-1-1 or going to the Tennessee Housing Development Agency's website at <http://www.thda.org/foreclosure/counselors.pdf>. The Tennessee Housing Development Agency (THDA) is affiliated with the State of Tennessee.

"We don't want vulnerable consumers who are facing foreclosure to spend money on what may turn out to be fraudulent services when free certified counselors are available to them," added Mary Clement, Director of the Division of Consumer Affairs. "Consumers who have paid up-front fees for foreclosure rescue services should contact the Division of Consumer Affairs to file a complaint by going online to www.tn.gov/consumer or calling (615) 741-4737 or 1-800-342-8385 (toll-free inside Tennessee)."

Tennessee continues its litigation against two "foreclosure rescue" companies in West Tennessee. The Attorney General's Office filed suit against the Tennessee Housing Protection Agency, Inc. (THPA), its Executive Director Mark Jones, and its Program Director Ted Houston in October 2008. The defendants were doing business via the Internet and at a store-front location in Memphis. A

month later, the Office sued Memphis-based Patrick & Patrick, LLC doing business as Patrick & Patrick Loss Mitigation Services, and its principal, Denise Patrick, also known as Sondrette D. Patrick. The defendants also did business via the Internet and over the telephone. Patrick & Patrick, LLC and Denise Patrick entered into an Agreed Temporary Injunction Order in January 2009, which prohibits them from, among other things, engaging in unfair or deceptive conduct when offering and providing foreclosure rescue services.

The Attorney General's Office and Division of Consumer Affairs offer the following tips if you or someone you know is facing possible foreclosure:

* Do not pay up-front fees before services are performed. Also, be wary if a company will only take payment by cash, certified check or wire transfer even if the company claims the money will "go toward your mortgage." Free services are available.

* Be concerned if the company or individual states that you must act fast and does not give you sufficient time to review the contract. Do not sign a contract that contains blanks or has incorrect information the foreclosure rescue consultant offers to "change later." Consider seeking the assistance of a certified foreclosure prevention counselor or attorney before signing. Never settle for an oral agreement.

*A reputable company cannot generally guarantee that your home will be saved from foreclosure without knowing all of the circumstances involved.

*If a company is asking for your personal information, determine why they need it before providing it.

*Unscrupulous foreclosure rescue consultants may insist that you do not contact your lender or anyone else while they conduct their "services." This is likely an attempt to keep you from discovering they have not performed any services for you. Pay your lender directly. Do not rely on a third party to make mortgage payments for you.

*Signing over the deed or title to your home is extremely risky. By signing over your deed, you may lose your rights to your home and any accumulated equity in the home. Do not enter an agreement without the assistance of a reputable attorney.

*Question anyone who makes an offer that seems too good to be true. Check with the Division of Consumer Affairs, your local Better Business Bureau and other consumer groups to make sure the foreclosure rescue consultant is in good standing.

For more information about the new foreclosure rescue consultant law, please see Public Chapter 198 at <http://state.tn.us/sos/acts/106/pub/pc0198.pdf>