

**UNITED STATES DISTRICT COURT
DISTRICT OF COLUMBIA**

FEDERAL TRADE COMMISSION
600 Pennsylvania Ave NW, Rm NJ3158
Washington, DC 20580,

Plaintiff,

v.

**FEDERAL HOUSING MODIFICATION
DEPARTMENT, INC.**, also doing business
as Nations Housing Modification Center
and Loan Modification Reform Association,
611 Pennsylvania Ave SE, No. 393
Washington, DC 20003,

MICHAEL A. TRAP
1780 La Costa Meadow Dr, Ste 201
San Marcos, CA 92078,

GLENN ROSOFSKY
1780 La Costa Meadow Dr, Ste 201
San Marcos, CA 92078, and

BRYAN ROSENBERG
1780 La Costa Meadow Dr, Ste 201
San Marcos, CA 92078,

Defendants.

Case No.

**COMPLAINT FOR PERMANENT
INJUNCTION AND OTHER
EQUITABLE RELIEF**

Case: 1:09-cv-01753
Assigned To : Leon, Richard J.
Assign. Date : 9/16/2009
Description: TRO/PI

Plaintiff, the Federal Trade Commission ("FTC"), for its complaint alleges:

1. The FTC brings this action under Sections 13(b) and 19 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57b, and the Telemarketing and Consumer Fraud and Abuse Prevention Act ("Telemarketing Act"), 15 U.S.C. § 6101 *et seq.*, to obtain preliminary and permanent injunctive relief, rescission or reformation of contracts,

restitution, the refund of monies paid, disgorgement of ill-gotten monies, and other equitable relief for Defendants' acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), and in violation of the FTC's Telemarketing Sales Rule ("TSR"), 16 C.F.R. Part 310, in connection with the marketing and sale of mortgage loan modification and foreclosure relief services.

JURISDICTION AND VENUE

2. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345, and 15 U.S.C. §§ 45(a), 53(b), 57b, 6102(c), and 6105(b).

3. Venue is proper in this District under 28 U.S.C. § 1391(b) and (c), and 15 U.S.C. § 53(b).

PLAINTIFF

4. Plaintiff FTC is an independent agency of the United States Government created by statute. 15 U.S.C. § 41 *et seq.* The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC also enforces the Telemarketing Act, 15 U.S.C. § 6101 *et seq.* Pursuant to the Telemarketing Act, the FTC promulgated and enforces the TSR, 16 C.F.R. Part 310, which prohibits deceptive and abusive telemarketing acts or practices.

5. The FTC is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and the TSR, and to secure such equitable relief as may be appropriate in each case, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies. 15 U.S.C. §§ 53(b), 56(a)(2)(A), 56(a)(2)(B), 57b, 6102(c), and 6105(b).

DEFENDANTS

6. Defendant Federal Housing Modification Department, Inc., having done business under several names including Nations Housing Modification Center and Loan Modification Reform Association (collectively, "NHMC"), is a Delaware company with its principal place of business at 1780 La Costa Meadow Drive, San Marcos, California and has mailing addresses of 611 Pennsylvania Avenue SE, No. 393, Washington, D.C. and 236 Massachusetts Avenue NE, No. 206, Washington, DC. NHMC transacts or has transacted business in this District and throughout the United States.

7. Defendant Michael A. Trap is a manager, officer, and/or principal of NHMC. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of NHMC, including the acts and practices set forth in this Complaint. Defendant Trap transacts or has transacted business in this District and throughout the United States.

8. Defendant Glenn S. Rosofsky is a manager, officer, and/or principal of NHMC. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of NHMC, including the acts and practices set forth in this Complaint. Defendant Rosofsky transacts or has transacted business in this District and throughout the United States.

9. Defendant Bryan P. Rosenberg is a manager, officer, and/or principal of NHMC. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of NHMC, including the acts and practices set forth in this Complaint. Defendant Rosenberg transacts or has transacted business in this District and throughout the United States.

COMMERCE

10. At all times relevant to this Complaint, Defendants have maintained a substantial course of trade in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

AVAILABILITY OF FREE LOAN MODIFICATION AND FORECLOSURE RELIEF SERVICES

11. Numerous mortgage lenders and servicers have instituted free programs to assist financially distressed homeowners by offering them the opportunity to modify loans that have become unaffordable. Many of these “loan modification” programs have expanded dramatically as lenders have increased participation in the federal government’s “Making Home Affordable” program, a plan to stabilize our housing market and help up to 7 to 9 million Americans reduce their monthly mortgage payments to more affordable levels. The Making Home Affordable program includes the Home Affordable Modification Program, in which the federal government has committed \$75 billion to keep up to 3 to 4 million Americans in their homes by preventing avoidable foreclosures. Moreover, numerous major mortgage lenders and servicers, non-profit and community-based organizations, the federal government, and the news media have helped publicize the availability of these free mortgage loan modification programs. Lenders often notify consumers of the availability of these programs, or of consumers’ eligibility, through their “loss mitigation” departments. Defendants divert consumers from these free programs and induce them to spend thousands of dollars on their purported modification services.

DEFENDANTS’ BUSINESS PRACTICES

12. From at least March 30, 2009, and until at least July 2009, Defendants have engaged in a course of conduct to advertise, market, offer to sell, and sell to consumers mortgage

loan modification and foreclosure relief services. Defendants have marketed their services through telemarketing, direct mail solicitations, and the Internet to homeowners in danger of losing their homes to foreclosure. The letters and Internet website invite consumers to call Defendants' toll-free number for more information.

Direct Mail Solicitation

13. Defendants market their services by sending direct mail solicitations to homeowners in financial distress. The solicitations are enclosed in a brown, official-looking, window-type envelope. Printed just above the consumer's name and address, in bold print, is the phrase "**LOAN REINSTATEMENT NOTICE.**" A typical and illustrative envelope (a copy of which is attached hereto as Exhibit A) has the following return address:

NHMC
Department of Financial Records
CONFIDENTIAL MATERIAL
Capitol Hill
611 Pennsylvania Avenue SE
No. 393
Washington, DC 20003-4303.

Other versions of the envelope use an address of 236 Massachusetts Avenue NE, No. 206, Washington, DC 20002. The return address is superimposed on a seal picturing the United States Capitol surrounded by a circle with the words "NATIONS HOUSING MODIFICATION CENTER." Above the consumer's address is the phrase, in bold print, "**Time Sensitive Open Immediately.**" To the right of the consumer's address appears the following boxed-statement: "**WARNING: \$2,000 FINE AND/OR 5 YEARS IMPRISONMENT** for any person who tampers with or obstructs delivery of mail intended for addressee. *U.S. Code Title 18, Section 1702.*" (emphasis in original)

14. Inside the envelope is a one-page letter. At the top left of the letter is the consumer's address, above which is the phrase "LOAN REINSTATEMENT NOTICE." At the top right of a typical and illustrative letter (see Exhibit A) is the following:

FINAL ENTITLEMENT NOTICE

Expiration Date: June 30, 2009

Modification Case # 95960

Your modification case has been assigned to the following processing center:

Nations Housing Modification Center

Capitol Hill

611 Pennsylvania Avenue SE

No. 393

Washington, DC 20003-4303

Modification Helpline:

1-888-332-0188

15. The solicitation letters disseminated by Defendants assert that Defendants' program will allow consumers to obtain mortgage loan modifications that will reduce substantially consumers' financial obligations. A typical and illustrative letter states that "[d]ue to the current foreclosure crisis, a bill has been passed by Congress" that "allows the *Nations Housing Modification Center* (NHMC) to provide relief for homeowners that are delinquent on their mortgage through the Nations Home Affordable Modification Program." (emphasis in original) The letter then states that NHMC "is authorized to provide [the consumer] with a free consultation" to "determine if [the consumer] qualif[ies] for a beneficial loan modification." The letter states that Defendants' program could result in "[l]ower monthly payments," "[l]ate payments waived," "[l]ate fees waived," and "[a]djustable rates converted to fixed rates as low as 2%," and that "[p]rincipal balances can be REDUCED!!!!" Defendants' letter further states that Defendants' services "may reduce [the consumer's] mortgage by as much as 40%. For

example, a \$2,000 monthly payment may be reduced to as low as \$1,200.” (emphasis in original) Defendants’ letter also states that their program “may eliminate all delinquent payments and fees.”

16. Defendants’ letter reinforces the impression that Defendants will modify successfully consumers’ mortgages by touting Defendants’ expertise in obtaining mortgage loan modifications. For example, the letter states that Defendants employ “a staff which includes attorneys, forensic accountants and lender specific negotiators who deal with the loss mitigation department of banks on a daily basis Based on this expertise *Nations Housing Modification Center* has obtained an extremely high success rate for homeowners that meet the Nations Home Affordable Modification Program guidelines.” (emphasis in original)

17. Defendants’ letter closes by urging consumers that “Time is of the essence” and directing consumers to call Defendants’ toll-free number so that Defendants’ attorneys and loan consultants can assist those consumers in saving their homes and “dramatically” reducing their monthly mortgage payments. The letter is signed “Chief Administrator *Nations Housing Modification Center*.”

18. Defendants’ letter contains no language qualifying the success rate claims or the claims that Defendants’ program is affiliated with the government.

Internet Website

19. Defendants also maintain at least one Internet website, www.nhmcassist.org, through which they market their services.

20. Defendants’ website contains statements intended to induce consumers to purchase Defendants’ mortgage loan modification and foreclosure relief services, including the following:

- a. We'll Help You Stop Foreclosure
- b. We provide the help you need during this time of financial stress. You aren't alone because our specialists are right there with you, guiding you away from the path of home foreclosure and back onto the road of home affordability.
- c. Let us use our expertise to get you back on track by negotiating new terms with your lender.
- d. Many homeowner and consumer groups contend that the modifications offered by the lending industry do not offer much relief. In fact, a recent report released by the Federal Office of the Comptroller of the Currency and The Office of Thrift Supervision that was based on an analysis of 35 million loans worth over \$6 trillion is proof. It showed **that fewer than half of these modifications actually reduced borrower's payments by more than 10%**. To make matters worse, **one in four loan modifications from the fourth quarter of 2008 resulted in increased monthly payments for the homeowner**. To obtain the best possible offer from your lender, you owe it to yourself to utilize the services of a professional with your best interest as their goal. (emphasis in original)
- e. Our staff of financial analysts, underwriter [sic] and negotiators will legally negotiate with your lender to obtain a modification that will enable you to remain in your home at a payment that you can afford.
- f. We are a professional organization. . .our skilled negotiators have developed long-standing relationships with most lenders in the Mortgage Industry. In fact, many have worked for the lenders they are dealing with.
- g. **I already tried to do this on my own and my mortgage company denied my application for a plan. Why can you get me one when I could not?** . . . lenders that are familiar with us know we have provided you with a forensic audit which makes them very eager to offer you a plan in lieu of any potential litigation on our part. (emphasis in original)

21. Defendants' website also contains numerous purported customer testimonials

touting Defendants' ability to arrange loan modifications and/or stop foreclosures. The testimonials include the following statements:

- a. I want to thank you thank you NHMC for your hard work and what you have done for me and my family.
Original Mortgage Payment: 2750.00
Interest Rate: 7.3% which NHMC brought it [sic] down to 5.25%
Final Payment: \$2339.00

Monthly savings: \$411.00

- b. [NHMC was] able to get me a payment plan that I can afford.
- c. Thank you NHMC for helping me.
Original Mortgage Payment: \$2385.18
Monthly payment: \$1546.59
Monthly savings: \$838.59
- d. I was about to lose all hope until I contacted Nation's Housing Modification Center. They contacted my lender and cleared up all my fear of losing my home. They have stopped the foreclosure action and they are currently working on a loan modification to allow me to keep my home.
- e. Thank you for your hard work and all that you have done for us.
Postponed sale date
Mortgage Payment from \$3166.32 to \$2429.33
Monthly savings: \$736.89
- f. Before, [sic] NHMC, my bank would never speak with me and would always give me the runaround. I am saving \$874.13 a month and that makes \$10,489.56 a year with the new terms NHMC negotiated with my bank. With my loan modification NHMC helped lower my interest rate from 8% to 4%.

Telemarketing Sales Pitch

22. Consumers who call the toll-free number in response to Defendants' letters and website speak with Defendants' telemarketers. In numerous instances, Defendants' telemarketers state that NHMC is located in the Washington, DC area and in Southern California and that their loan modification group consists of attorneys and forensic accountants. In numerous instances, the telemarketers state that Defendants' goals are to convince lenders to waive consumers' late payments, late fees, and legal fees; change adjustable interest rates to fixed rates as low as 2%; extend the term of the loan; reduce principal balances; and lower monthly payments. In numerous instances, the telemarketers state that because Defendants have done so many loan modifications, they know what the banks are willing to do and how to ensure

that the banks do it. The telemarketers then gather detailed financial information about the consumer's mortgage and income.

23. In numerous instances, after gathering consumers' information, Defendants' telemarketers inform consumers that NHMC receives over 200 phone calls a day but only about 25% meet the parameters for acceptance into Defendants' program. In numerous instances, the telemarketers state that NHMC only accepts clients that Defendants know meet lenders' loan modification parameters. In numerous instances, Defendants' telemarketers assure consumers that Defendants' success rate exceeds 90%. In numerous instances, the telemarketers tell consumers that they will take the consumers' information to the forensic accounting and underwriting department for review and will call the consumers back if they are approved. The telemarketers then end the call.

24. In numerous instances, often about one or two hours after the completion of the initial call, the telemarketers call the consumers back and inform them that they have been pre-qualified and that NHMC will email a loan approval and enrollment package. In numerous instances, the telemarketers then explain that Defendants' fees are \$3,000 — \$1,500 up front and \$1,500 in two weeks. In numerous instances, the telemarketers also state that if consumers pay \$2,500 up front, the remaining \$500 will be waived. In numerous instances, to justify the cost, the telemarketers remind consumers that Defendants have a team of attorneys and forensic accountants working around the clock.

25. Defendants' telemarketers explain that Defendants accept either credit card or check-by-phone. After obtaining consumers' financial account information, the telemarketers state that Defendants will email a financial package to be completed and returned to Defendants. In numerous instances, the telemarketers also advise consumers not to communicate with their

lenders as that could interfere with Defendants' attorneys' negotiations. In some instances, the telemarketers also advise consumers not to make further payments on their mortgage.

26. In numerous instances, Defendants fail to obtain the promised mortgage loan modifications that will make consumers' mortgage payments more affordable. Defendants do not have attorneys or forensic accountants on staff. Defendants do not have forensic accountants or underwriters prequalify consumers; instead all or virtually all consumers who initially contact Defendants are declared pre-qualified for Defendants' services. Defendants are not part of, or affiliated with, the United States government or any agency thereof.

VIOLATIONS OF SECTION 5 OF THE FTC ACT

27. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits "unfair or deceptive acts and practices in or affecting commerce."

28. Misrepresentations or deceptive omissions of material fact constitute deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

Count I

29. In connection with the advertising, marketing, promotion, offering for sale, or sale of mortgage loan modification or foreclosure rescue services, Defendants have represented, expressly or by implication, that Defendants will obtain for consumers mortgage loan modifications, in all or virtually all instances, that will make their mortgage payments substantially more affordable.

30. In truth and in fact, Defendants do not obtain for consumers mortgage loan modifications, in all or virtually all instances, that will make their mortgage payments substantially more affordable.

31. Therefore, Defendants' representation as set forth in Paragraph 29 is false and misleading and constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S. C. § 45(a).

Count II

32. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of mortgage loan modification or foreclosure rescue services, Defendants have represented, expressly or by implication, that Defendants have helped over 90% of their clients obtain a mortgage loan modification.

33. In truth and in fact, the material representation set forth in paragraph 32 is false or was not substantiated at the time the representation was made.

34. Therefore, Defendants' representation as set forth in Paragraph 32 is false and misleading and constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S. C. § 45(a).

Count III

35. In numerous instances, in connection with the advertising, marketing, promotion, offering for sale, or sale of mortgage loan modification or foreclosure rescue services, Defendants have represented, expressly or by implication, that consumers who are accepted into Defendants' mortgage loan modification program are selected based upon their qualifications to participate in lenders' loan modification programs and constitute only 25 percent of those who contact Defendants.

36. In truth and in fact, consumers who are accepted into Defendants' mortgage loan modification program are not selected based upon their qualifications to participate in lenders'

loan modification programs, and the percentage of consumers accepted in Defendants' program constitutes more than 25 percent of those who contact Defendants.

37. Therefore, Defendants' representation as set forth in Paragraph 35 is false and misleading and constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S. C. § 45(a).

Count IV

38. In connection with the advertising, marketing, promotion, offering for sale, or sale of mortgage loan modification or foreclosure rescue services, Defendants have represented, expressly or by implication, that Defendants have attorneys and forensic accountants on staff.

39. In truth and fact, Defendants do not have attorneys or forensic accountants on staff.

40. Therefore, Defendants' representation as set forth in Paragraph 38 is false and misleading and constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S. C. § 45(a).

Count V

41. In connection with the advertising, marketing, promotion, offering for sale, or sale of mortgage loan modification or foreclosure rescue services, Defendants have represented, expressly or by implication, that Defendants are an agency of, or affiliated with, the United States government.

42. In truth and fact, Defendants are not an agency of, or affiliated with, the United States government.

43. Therefore, Defendants' representation as set forth in Paragraph 41 is false and misleading and constitutes a deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S. C. § 45(a).

THE TELEMARKETING SALES RULE

44. Congress directed the FTC to prescribe rules prohibiting abusive and deceptive telemarketing acts or practices pursuant to the Telemarketing Act, 15 U.S.C. § 6101 *et seq.*, in 1994. The FTC adopted the original Telemarketing Sales Rule in 1995, extensively amended it in 2003, and amended certain sections thereafter.

45. The TSR exempts from coverage telephone calls initiated by a customer in response to a direct mail solicitation, unless the solicitation fails to clearly, conspicuously, and truthfully disclose all material information listed in Section 310.3(a)(1) of the TSR, including the total costs to purchase, receive, or use the good or service that is the subject of the sales offer. 16 C.F.R. § 310.6(b)(6). Nowhere in Defendants' solicitation letter is there any mention of the fees or total costs to purchase, receive, or use Defendants' mortgage loan modification services.

46. Defendants are "seller[s]" or "telemarketer[s]" engaged in "telemarketing" as those terms are defined in the TSR, 16 C.F.R. § 310.2(z), (bb), and (cc).

47. The TSR prohibits sellers and telemarketers from misrepresenting, directly or by implication, in the sale of goods or services any of the following material information:

- a. Any material aspect of the performance, efficacy, nature, or central characteristics of goods or services that are the subject of a sales offer. 16 C.F.R. § 310.3(a)(2)(iii); and
- b. A seller's or telemarketer's affiliation with, or endorsement or sponsorship by, any person or government entity. 16 C.F.R. § 310.3(a)(2)(vii).

48. Pursuant to Section 3(c) of the Telemarketing Act, 15 U.S.C. § 6102(c), and Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of the TSR constitutes an unfair or deceptive act or practice in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

VIOLATIONS OF THE TELEMARKETING SALES RULE

Count VI

49. In numerous instances, in the course of telemarketing mortgage loan modification services, Defendants have misrepresented, directly or by implication, a material aspect of the performance, efficacy, nature, or central characteristic of such services, including that

- a. Defendants will obtain for consumers mortgage loan modifications, in all or virtually all instances, that will make their mortgage payments substantially more affordable;
- b. Defendants have helped over 90 percent of their clients obtain a mortgage loan modification;
- c. consumers who are accepted into Defendants' mortgage loan modification program are selected based upon their qualifications to participate in lenders' loan modification programs and constitute only 25 percent of those who contact Defendants; or
- d. Defendants have attorneys and forensic accountants on staff.

50. Defendants' practice as alleged in Paragraph 49 is a deceptive telemarketing practice that violates Section 310.3(a)(2)(iii) of the TSR, 16 C.F.R. § 310.3(a)(2)(iii).

Count VII

51. In numerous instances, in the course of telemarketing mortgage loan modification services, Defendants have misrepresented, directly or by implication, their affiliation with, or endorsement or sponsorship by, a person or government entity, including that Defendants are an agency of, or affiliated with, the United States government.

52. Defendants' practice as alleged in Paragraph 51 is a deceptive telemarketing practice that violates Section 310.3(a)(2)(vii) of the TSR, 16 C.F.R. § 310.3(a)(2)(vii).

CONSUMER INJURY

53. Consumers have suffered and will continue to suffer substantial injury as a result of Defendants' violations of the FTC Act and the TSR. In addition, Defendants have been unjustly enriched as a result of their unlawful acts or practices. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

THIS COURT'S POWER TO GRANT RELIEF

54. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and such other relief as the Court may deem appropriate to halt and redress violations of any provision of law enforced by the FTC. The Court, in the exercise of its equitable jurisdiction, may award ancillary relief, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies, to prevent and remedy any violation of any provision of law enforced by the FTC.

55. Section 19 of the FTC Act, 15 U.S.C. § 57b, and Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b), authorize this Court to grant such relief as the Court

finds necessary to redress injury to consumers resulting from Defendants' violations of the TSR, including rescission and reformation of contracts, and the refund of money.

PRAYER FOR RELIEF

Wherefore, Plaintiff Federal Trade Commission, pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C. § 53(b) and 57b, Section 6(b) of the Telemarketing Act, 15 U.S.C. § 6105(b), and the Court's own equitable powers, requests that the Court:

A. Award Plaintiff such preliminary injunctive and ancillary relief as may be necessary to avert the likelihood of consumer injury during the pendency of this action, and to preserve the possibility of effective final relief, including but not limited to preliminary injunctions;

B. Enter a permanent injunction to prevent future violations of the FTC Act and the TSR by Defendants;

C. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act and the TSR, including but not limited to rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies; and

D. Award Plaintiff the costs of bringing this action, as well as such other and additional relief as the Court may determine to be just and proper.

Dated: September 15, 2009

Respectfully submitted,

WILLARD K. TOM
General Counsel

s/Gregory A. Ashe

GREGORY A. ASHE, DC Bar #451552

PETER LAMBERTON, DC Bar #436313

KARAN SINGH

Federal Trade Commission

600 Pennsylvania Ave., N.W., Room NJ 3158

Washington, D.C. 20580

202-326-3719 (Ashe)

202-326-3274 (Lamberton)

202-326-2274 (Singh)

202-326-3768 (fax)

gashe@ftc.gov

plamberton@ftc.gov

ksingh@ftc.gov

Attorneys for Plaintiff

FEDERAL TRADE COMMISSION

EXHIBIT A

FINAL ENTITLEMENT NOTICE

Expiration Date: June 30, 2009

Modification Case # 95960

Your modification case has been assigned to the following processing center:

Nations Housing Modification Center

Capitol Hill

611 Pennsylvania Avenue SE

No. 393

Washington, DC 20003-4303

Modification Helpline:

1-888-332-0188

LOAN REINSTATEMENT NOTICE



Dear 

Due to the current foreclosure crisis, a bill has been passed by Congress. This bill allows the *Nations Housing Modification Center* (NHMC) to provide relief for homeowners that are delinquent on their mortgage through the Nations Home Affordable Modification Program.

Our records indicate that you are currently over 60 days late on your mortgage. NHMC is authorized to provide you with a free consultation. This free consultation will determine if you qualify for a beneficial loan modification through the Nations Home Affordable Modification Program.

The Nations Home Affordable Modification Program may allow one or all of the following:

- Lower monthly payments
- Late payments waived
- Late fees waived
- Legal fees waived
- Adjustable rates converted to fixed rates as low as 2%
- Principal balances can be REDUCED!!!

This initiative may reduce your mortgage payment by as much as 40%. For example, a \$2,000 monthly payment may be reduced to as low as \$1,200. At the same time, the Nations Home Affordable Modification Program may eliminate all delinquent payments and fees. All of these terms are adjusted on your present loan without the cost of a refinance.

Lenders and servicers are working frantically with homeowners to save their homes. Unfortunately, the lack of infrastructure and manpower has literally brought the majority of modifications to a stand still.

However, the NHMC has employed a staff which includes attorneys, forensic accountants and lender specific negotiators who deal with the loss mitigation department of banks on a daily basis. Based on this expertise, the *Nations Housing Modification Center* has obtained an extremely high success rate for homeowners that meet the Nations Home Affordable Modification Program guidelines.

Time is of the essence. Our attorneys and loan consultants are prepared to guide you step by step to assist you in saving your home and dramatically reduce your monthly mortgage payment. To initiate the process, call the Nations Housing Modification Center toll free Modification Helpline at 1-888-332-0188 Monday through Friday from 9am - 10pm and Saturdays from 10am - 5pm Eastern Standard Time for your free consultation to see if you qualify for the program. When calling, please refer to your Modification Case # located in the upper right hand corner of this notice.

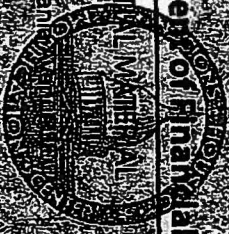
Sincerely,



Chief Administrator
Nations Housing Modification Center

NHMC
Department of Financial Records

CONFIDENTIAL MATERIAL
Capitol Hill
611 Pennsylvania
NO 393
Washington DC 20003-4303



Time Sensitive Open Immediately



PSR FIRST CLASS
US POSTAGE PAID
WEST PALM BEACH, FL
PERMIT NO. 246

WARNING:
\$2,000 FINE AND/OR 5 YEARS IMPRISONMENT
of any person who tampered with, obstructed,
delivered, or mailed intended for addressee.
US Code Title 18 Section 1027