

July 15, 2009

Office of the Secretary  
Federal Trade Commission  
Room H-135 (Annex W)  
600 Pennsylvania Avenue, NW  
Washington, DC 20580

Re: Comments on Advance Notice of Proposed Rulemaking: Mortgage Assistance Relief Services Rulemaking, Rule No. R911003

To Whom It May Concern:

We, the undersigned U.S. Department of Housing and Urban Development (HUD)-approved housing counseling agencies, urge you to prohibit abusive and deceptive practices used by companies that provide mortgage assistance relief services. Our organizations represent the people and communities hardest hit by the foreclosure crisis, and we have been working on the frontlines to provide assistance to distressed homeowners. We provide to the community at no cost foreclosure prevention counseling sessions, workshops, and Home Rescue Fairs, which bring together attorneys, housing counselors, loan servicers, and other community groups for a day-long event where families can receive free foreclosure prevention advice, information, and resources. Our housing counselors work with families through the entire foreclosure prevention process and beyond to help families regain their financial security. Our agencies are part of the National Council of La Raza (NCLR) Homeownership Network. NCLR is the largest national Hispanic civil rights organization in the United States.

Mortgage assistance relief services are competing with legitimate housing counseling agencies. Borrowers struggling to keep up with their mortgage payments, many of whom have already been victimized by predatory lenders, are targets of fraudulent foreclosure rescue scams. These scam artists make unrealistic promises to borrowers, claiming that they can save their homes from foreclosure through loan modifications, refinancing, and even temporary deed transfers. Unfortunately, many families have been lured into paying up to \$8,000 in fees for services that either were never completed or resulted in unaffordable and unsustainable mortgage payments.

We appreciate the Federal Trade Commission's (FTC) attention to this matter and urge it to prohibit deceptive practices that further harm families struggling to save their homes from foreclosure. We offer the following recommendations to achieve this:

- Prohibit up-front payments for mortgage assistance relief services. We urge the FTC to ban mortgage assistance relief services from charging up-front payments. There has been an increase in the number of families seeking our assistance after they have been taken advantage of by these foreclosure rescue companies. It is very difficult to secure loan modifications for borrowers who have let so much time slip by because they were relying

on these companies to assist them. Such companies should not be allowed to collect any fees unless they have secured an affordable and sustainable loan modification.

- Take action against all foreclosure rescue scam complaints. The FTC relies on victims to report scams and then waits for a pattern to appear before taking action. Many victims do not know where to file complaints. Thus, when a complaint is actually filed, it is likely that there have been many other victims. The FTC should pursue each individual complaint. In addition, many state and local authorities do not have the resources to pursue financial scams.
- Create a robust national campaign against foreclosure. The FTC should bring together lenders, servicers, and counselors to launch a national campaign that would combine social awareness, emergency assistance, and strong enforcement against fraudulent rescue scams. Public service announcements in various media and languages can build awareness of what to do in the event of mortgage delinquency and where to turn for help. The campaign should also direct families to HUD-approved housing counseling agencies in their neighborhoods for further assistance.

We urge the FTC to enact strong rules to end abusive and deceptive practices by for-profit mortgage assistance relief companies. Should you have any questions, please contact Graciela Aponte, Legislative Analyst, Wealth-Building Policy Project, National Council of La Raza, at (202) 776-1578 or [gaponte@nclr.org](mailto:gaponte@nclr.org).

Sincerely,

Avenida Guadalupe Association  
Community Housing Resources of Arizona  
Community Services of Nevada  
Conexión Américas  
Cuban American National Council, Inc.  
Dalton-Whitfield Community Development Corporation  
Del Norte Neighborhood Development Corporation  
East Los Angeles Community Corporation  
Economic Opportunity Agency of Washington County, Inc.  
El Centro, Inc.  
El Concilio Community Center  
Harvest America Corporation  
Home Buyer Counseling Services  
Homes on the Hill, CDC  
Housing America Corporation  
Housing and Education Alliance  
Housing for Nevada, Las Vegas, NV  
Housing Our Communities, Mesa, AZ  
La Fuerza Unida, Inc.

Latin American Coalition  
Lawrence Community Works, Inc.  
Self-Help Enterprises  
Southwest Key Programs  
Spanish American Committee  
Spanish Coalition for Housing  
Tejano Center for Community Concerns  
United Community Center  
Watts/Century Latino Organization  
YWCA El Paso del Norte Region