

NEWS FROM SCDCA

South Carolina Department of Consumer Affairs



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FOR IMMEDIATE RELEASE

Mortgage Fraud Hotline Data Supports Supreme Court Order

Columbia, SC... - Today, South Carolina courts will implement new procedures in mortgage foreclosure actions. The South Carolina Supreme Court issued an Order requiring lenders/servicers to give a consumer notice of their right to participate in loss mitigation before a foreclosure hearing can proceed. "This measure will allow more South Carolina citizens to stay in their homes as they work through the loan modification process, alleviating fears they will be foreclosed on while a modification is pending," said SCDCA Staff Attorney Charles Knight. This is the second order issued by the Supreme Court in the last two years focused on ensuring consumers the opportunity to have their lender/servicer review their loan for loss mitigation programs.

In its Order, the Court referenced the difficulty consumers and lenders/servicers are having in navigating the loss mitigation process. Data collected from SCDCA's Mortgage Fraud Hotline support these findings. From April 2010 – October 2010, SCDCA, in partnership with the SC Attorney General's Office, staffed a Mortgage Fraud Hotline to help consumers combat mortgage fraud and housing scams and avoid or stop foreclosure.

The Hotline fielded approximately 350 calls, with 29% of caller complaints relating to loan modifications. 16% of callers complained of difficulty in working with their lender/servicer to get a loan modification. Common complaints in this category included servicers making multiple requests

for documents, servicers not following Making Home Affordable Modification Program guidelines and servicers not adequately explaining why a modification was denied. An additional 13% of complaints concerned loan modification/ foreclosure rescue scams with callers complaining about companies charging excessive up-front fees and/or not providing promised services.

Consumers having difficulty making mortgage payments can visit SCDCA's website at www.sconsumer.gov/publications.htm for educational brochures on foreclosure scams, mortgages and credit counseling. Items of interest include: "Just the facts on...Mortgage Foreclosure" www.sconsumer.gov/publications/fast_facts/mortgage_foreclosure.pdf and "Fast Facts-Credit Counseling" www.sconsumer.gov/licensing/credit_counseling/fast_facts_consumer.pdf.

SCDCA aims to protect consumers from inequities in the marketplace through advocacy, complaint mediation, enforcement and education. To file a complaint or get information on consumer issues, visit www.sconsumer.gov or call toll-free, 1.800.922.1594.