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**THE WASHINGTON DEPARTMENT OF FINANCIAL INSTITUTIONS**

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**DFI CHARGES 32 COMPANIES IN CONTINUING EFFORT TO COMBAT UNLICENSED LOAN MODIFICATION ACTIVITY**

*DFI seeks full restitution, prohibition from operating in Washington, \$426,000 in fines*

OLYMPIA – The Consumer Services Division of the Washington State Department of Financial Institutions (DFI) announced today that it filed 32 Statements of Charges against businesses preying on Washington homeowners facing foreclosure. This action follows another multi-company sweep DFI conducted in September 2012 when it issued 40 Statements of Charges against unlicensed businesses offering loan modification services to Washington residents.

Of the 32 Statements of Charges in this latest round of enforcement actions, 31 are against businesses located outside of Washington, about half of which are attorneys or affiliated with attorneys. <http://dfi.wa.gov/consumers/news/2013/loan-mod-cases.pdf>

“Too many Washington State residents have been taken advantage of by out-of-state companies that take several thousand dollars from already financially strapped homeowners and deliver nothing in return,” DFI Director Scott Jarvis said. “Washington will not tolerate such scams.”

In desperate search for relief, consumers cling to any offer of help. Consumers who hire out for loan modification services may already be in a vulnerable position due to financial distress and fear of losing their homes. They are unable to pay their mortgage and are often an easy target for unscrupulous loan modification companies that may charge and collect fees in upwards of \$5,000. Unfortunately, consumers not only lose the money they paid for loan modification “services,” but often, they still lose their home in foreclosure.

DFI’s core mission is to regulate financial services, to protect and educate the public, and to promote economic vitality.

“In the Statements of Charges issued, we are requiring unlicensed loan modification companies to return all of the fees they collected from consumers,” DFI Division of Consumer Services

Director Deb Bortner said. “Sadly, such restitution payments may be little relief in comparison to the harm caused by many of these unlicensed companies.”

Since 2009, DFI has received more than 800 complaints against unlicensed businesses offering loan modification services in Washington. Every year since 2009, the number of enforcement actions taken against these businesses has increased: 8 in 2009, 29 in 2010, 45 in 2011, and 86 in 2012.

**NOTE:** The Mortgage Broker Practices Act authorizes the Director to file charges against companies and individuals believed to have violated the Act. The charges are not a finding or order that the respondents have actually violated the Act; all named respondents have the right to request an administrative hearing on the charges.

Loan modification services are offered free of charge through Housing and Urban Development-approved specialists. Consumers are encouraged to contact a free HUD-approved housing counselor for help before paying for loan modification services. Never pay an advance fee for loan modification services! A list of HUD-approved counselors is available at <http://hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=WA>.

DFI also provides a number of resources for homeowners facing foreclosure at [www.homeownership.wa.gov](http://www.homeownership.wa.gov).

Homeowners facing foreclosure need to check the licensing status of companies offering residential loan modification services with DFI, and to check the licensing status of attorneys offering those services with the WSBA. To verify whether a company offering residential loan modification services is licensed by DFI, go to [www.dfi.wa.gov](http://www.dfi.wa.gov) and click on the “Verify License” link. To verify whether an attorney is licensed to provide loan modification services in Washington, go to <http://www.wsba.org> and click on “Lawyer Directory.”

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**About DFI** [www.dfi.wa.gov](http://www.dfi.wa.gov) ▪ 360.902.8700 ▪ 877.RINGDFI (746.4334)

The Washington State Department of Financial Institutions regulates a variety of financial service providers such as banks, credit unions, mortgage brokers, consumer loan companies, payday lenders and securities brokers and dealers. The department also works to improve

financial education throughout Washington through its outreach programs and online clearinghouse [www.dfi.wa.gov/financial-education](http://www.dfi.wa.gov/financial-education). In addition to posting information about licensees and administrative actions, DFI uses the Web and social media to provide financial education information: [www.twitter.com/FinEd4All](https://twitter.com/FinEd4All) ■ [www.twitter.com/DFIConsumers](https://twitter.com/DFIConsumers) ■ [www.finlit.blogspot.com](http://www.finlit.blogspot.com) ■ [www.youtube.com/user/WADFI](https://www.youtube.com/user/WADFI) ■ [www.homeownership.wa.gov](http://www.homeownership.wa.gov)

**About Division of Consumer Services** ■ [www.dfi.wa.gov/cs](http://www.dfi.wa.gov/cs) ■ 360-902-8703

The mission of the Division of Consumer Services is to protect consumers from illegal and fraudulent lending practices. The division accomplishes its mission through licensing, licensee examinations, investigations, and enforcing selected state and federal statutes and rules. Consumer Services regulates the business activities of consumer loan companies, mortgage brokers, money transmitters and currency exchangers, as well as check cashers and sellers, also known as "payday lenders." The Division is entirely self-supporting, with funding provided by licensing, auditing, and policing of regulated businesses and individuals. No money is received from the state General Fund or other public revenue source.