



NEWS RELEASE

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State Officials Issue Desist and Refrain Orders Against Loan Modification Firm Operating Unlawfully

2nd Chance Negotiations, Inc. ordered to stop Loan Modification Services Immediately

SACRAMENTO – After a joint investigation, the California Departments of Corporations (DOC) and Real Estate (DRE) issued separate Desist and Refrain Orders against 2nd Chance Negotiations, Inc., ordering the company to stop performing loan modification services.

“While the current market has created some wonderful opportunities for those looking to buy, it has also fostered an environment ripe for abuse.” DRE Commissioner Jeff Davi said. “With so many folks struggling to stay in their homes, foreclosure rescue scams have risen dramatically. The department is aggressively pursuing individuals and companies trying to cash in on Californians in their time of need.”

2nd Chance Negotiations, Inc., based in Fair Oaks, California, solicited financially stressed borrowers, and, in exchange for an upfront fee, promised borrowers they would negotiate with the borrower’s lender to modify the terms of the borrower’s loan. However, the joint investigation established that 2nd Chance Negotiations, Inc. was not licensed and/or legally authorized to perform the promised services or collect advance fees. 2nd Chance Negotiations, Inc. can request an administrative hearing to challenge the orders.

“The State has worked hard through various means to help distressed homeowners avoid foreclosure,” stated DOC Commissioner Preston DuFauchard. “We will take swift action against unscrupulous operators who violate State laws.”

Loan modification scams are worrisome and widespread. Last July, the DRE had fewer than 10 complaints involving loan modification companies. Today the department has 500 pending investigations. In addition, since last October the DRE has filed over 60 Desist and Refrain Orders and/or Accusations involving loan modification scams.

The DRE Web site has important consumer information on how consumers can protect themselves against unscrupulous providers who collect advance fees promising financially stressed borrowers relief, but instead, do nothing. The Commissioner encourages all consumers to log on to DRE’s Web site at http://www.dre.ca.gov/mlb_adv_fees.html, and to check out brokers wanting an up-front fee in exchange for loan modification help.

“It is important to keep in mind that no person is required to pay a third party for a loan modification,” Commissioner Davi stated. “A consumer can simply call his or her lender or use the services of a nonprofit housing counselor.”

In general, and with limited exceptions, only licensed real estate brokers and California attorneys operating as lawyers within the scope of their license, may collect advance fees. Real estate brokers must have their advance fee agreement reviewed and sanctioned by the DRE prior to its use. Information on DRE’s web site will help consumers ensure that a company wanting an advance fee is a properly licensed and can legally collect an advance fee before they sign on the dotted line.

For more information about DRE and its programs visit www.dre.ca.gov.

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