



If you buy or own a home, you may be helping to finance a multi-billion dollar consumer fraud, and Congress is getting ready to make it easier for the perpetrators!

If you thought identity theft and predatory lending scams were bad and you thought Washington is ready, willing and able to protect consumers from predators in the financial industry, you're mistaken.

Billions of dollars have been taken from homeowners in these schemes!

Some of that money is going to Washington, and their lobbyists are working hard to ensure both parties pay close attention to the interests of their financial services clients.

The net effect: Consumer victims are providing the funds to keep effective legislation against these schemes bottled up in the House and Senate at the same time they are trying to dismantle and prevent protections created by State Legislatures!

In just over twenty years some of these corrupt firms have managed to move themselves toward legal immunity and they are actively pushing Congress to protect and expand their un-restrained power over consumers.

If and when you're targeted, you have almost NO effective protection under current laws. Almost anyone's loan can end up in the hands of these companies and there is nothing you can do to defend yourself, let alone punish them, without the financial resources to retain a knowledgeable attorney.

They made the rules, and they're not about to let someone change the rules. Legislative efforts to thwart these kinds of schemes invariably die under the weight of influence from the financial services and credit data industry.

And until the real balance of power tilts back toward the homeowner and borrower, ANYONE can be manipulated into paying exorbitant fees, stuck with high interest rates and even be faced with foreclosure. Often, without effective legal representation, Chapter 13 bankruptcy is the ONLY way to stop a determined loan-servicing scam, and that may only be a temporary delay.

The victims of these scams include people from almost all walks of life, but rarely will one of these predator companies come after someone with significant resources, because a serious (but enormously expensive) legal challenge can stop them.

But many people won't reveal they're victims even if they can afford the help of an attorney! They will pay and suffer in silence rather than seek help, and the perpetrators of these schemes take full advantage of that situation.

Those who have little or no financial cushion or no one to turn to for confidential advice are even easier to manipulate.

The worst of the perpetrators focus most of their attention on what are conveniently labeled "sub-prime" loans - borrowers they have managed to get the media to repeatedly refer to as "high credit risk" borrowers whether they really are or not.



It is important to understand the political purpose behind labeling some consumers as "those with less-than perfect credit." The lending industry wants to reinforce their message in Washington that they are helping people who otherwise would not "qualify" for the all-important American dream of home ownership. Under that guise, they threaten to restrict lending if there is even reasonable oversight or regulation.

Like the securities industry steamrolling the SEC into allowing too much self-regulation (and we saw the results of that), the lending industry has convinced Washington that they should be left alone.

A few politicians are now becoming more aware of is the scope of the damage that has been done while the loan servicing industry consolidated and became all-powerful.

It took the dedicated attention of consumer web sites and investigative journalists to publicize problems with firms like Fairbanks Capital (now known as Select Portfolio Servicing) and the collection of companies it had acquired. But until Maryland Senators Mikulski and Sarbanes publicly prodded the FTC and HUD into doing something on behalf of the victims, the regulators were content to let the complaints build up.

The resulting investigations dragged on for months, and eventually the FTC/HUD cases were merged with dozens of national class action suits. The settlement resulted in pennies on the dollar being paid to victims and while it cost the company over \$65 million, they did not have to admit any wrong-doing.

What that means to mortgage consumers is that the loan servicing schemes will remain in operation. Behind the public declarations of "new management" and "best practices" it will be business as usual.

There is simply so much money to be made that these kinds of miniscule penalties are simply part of the cost of doing business.

The schemes work well because of their simplicity. It does not involve complex financial manipulation or "cooking the books." In fact, from the outside looking in, the companies appear financially sound and very well run (as the ratings firms will almost always attest).

Until Congress acts, these companies and their schemes will not go away.

You have to educate yourself in order to educate your Representatives and Senators!

Remember, an informed constituency is either a politician's best friend or worst enemy!

Get on the Internet and **point your browser to the www.google.com search engine, enter a search on "predatory servicing"** (include the quotes.) If you want to see a sample of the problems people have had and are having, visit the www.msfraud.org consumer web site.

Make sure that information gets in front of your representatives and Senators, and make sure you ask them what they're going to do to put a stop to it. Tell them also that you're tired of soft-prosecution that only encourages others to try taking advantage of people.

People's lives have been destroyed by these scams - don't wait until it happens to you or a loved one or friend!

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