

Press Release

FDIC Launches Foreclosure Prevention Initiative

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The Federal Deposit Insurance Corporation (FDIC) today announced that it is releasing a free tool kit of information that will help borrowers, community stakeholders and the banking industry avoid unnecessary foreclosures and stop foreclosure "rescue" scams that promise false hope to consumers at risk of losing their homes.

The tool kit includes critical information to help borrowers know who to contact and what documents they need to have available to apply for a loan modification that could save their home from foreclosure. This tool kit also describes the warning signs of potential foreclosure "rescue" scams and how consumers, community stakeholders, and bankers can report scammers and prevent fraud. The public can access the free tool kit at <http://www.FDIC.gov/foreclosureprevention>. To ensure this information is widely available, the FDIC is conducting outreach to community-based organizations and the banking industry, and furnishing a referral service to help consumers identify sources of legitimate help and report fraud to the appropriate law enforcement agencies.

"It is vitally important that consumers and bankers know all of the resources available to help prevent unnecessary foreclosures. The tool kit released today, along with our outreach, should help consumers know how to get a loan modification when they need one. While reaching out a helping hand, we must also be on guard for those who would prey on consumers who are facing foreclosure," said FDIC Chairman Sheila C. Bair. "Everyone with a stake in this issue – from community leaders to those with a neighbor, friend or family member facing hardship – must take responsibility for reporting questionable activity and directing consumers to legitimate sources for assistance." Raising consumers' awareness of foreclosure "rescue" scams will give borrowers more confidence in knowing they are working with legitimate counselors and servicers to obtain a loan modification that could help them avoid foreclosure.

The FDIC's foreclosure prevention tool kit includes:

- *Is Foreclosure Knocking at Your Door?* brochure (available online and in print), which encourages consumers facing financing difficulties to contact their servicer, apply for a loan modification, and talk to a counselor.
- *Beware of Foreclosure Rescue Scams* brochure (available online and in print), which provides information on common scams, tips for detecting fraudulent deals, and resources for reporting criminal activity.
- *Spring 2009* edition of *FDIC Consumer News*, which features advice for consumers on avoiding foreclosure rescue and loan modification schemes.
- *Your Own Home* module of the FDIC's *Money Smart* curriculum, which offers tips and advice on avoiding foreclosure with a loan modification, preventing foreclosure "rescue" scams and providing legitimate sources of foreclosure prevention assistance.

The tool kit and other helpful resources are available on the FDIC's foreclosure prevention Web page at www.fdic.gov/foreclosureprevention.

Also as part of this initiative, the FDIC is continuing to work with banks and community-based and consumer organizations to avoid foreclosure and stop foreclosure "rescue" scams, particularly in underserved communities. Consumers are encouraged to report questionable activities, including solicitations or offers, to their servicer and appropriate state and federal authorities, which may include the Federal Trade Commission and the appropriate state attorney general. Consumers who have difficulty finding contact information for these officials or their servicer may receive a referral by calling the FDIC Call Center at 1-877-ASK-FDIC (1-877-275-3342) or visiting www.fdic.gov. The FDIC has reminded institutions to act promptly and report potentially fraudulent or improper activities relating to mortgage lending (see Financial Institution Letter 54-2009, dated September 16, 2009).

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