



TO: ALL DISTRICT OF COLUMBIA LAND TITLE ASSOCIATION MEMBERS

FROM: Alaine Donovan, President

RE: Foreclosure Rescue Transactions Unlawful
Foreclosure Rescue Bill, Section 28-3904 of the DC Code

DATE: March 14, 2008

The District of Columbia has passed an act known as the “Home Equity Protection Act of 2007”. It states that foreclosure rescue services are prohibited practices and “foreclosure rescue transactions” are **unlawful** and **void**.

These “foreclosure rescue transactions” are transactions which involve the transfer of title to real property, or an interest in real property, by a homeowner who is in default, foreclosure, or tax sale proceeding. The homeowner transfers an interest to a third party by deed, the creation of a mortgage, trust or other lien or encumbrances during the foreclosure process, and includes some promise of a subsequent conveyance back to the homeowner which may be in the form of an interest in a contract for deed, purchase agreement, land installment sale contract, contract for sale, option to purchase, sale/leaseback, trust or other contractual arrangement.

Foreclosure rescue transactions which are not carried out for gain, compensation or contingent or potential gain or compensation are not prohibited, such as transactions among family members or arranged by a nonprofit community organization or nonprofit housing organization.

Homeowners may bring actions for all damages incurred, including equitable relief, as the result of a practice prohibited by this Act. Homeowners are also afforded all damages and remedies under the Consumer Protection Procedures of Chapter 39 of Title 28 of the District of Columbia Code. Criminal penalties and fines are also contained in the Act.

<p>Be on the lookout for some of the red flags: mortgage delinquencies or attorneys fees shown in the payoff statement, notice of a foreclosure sale, pending foreclosure proceedings, delinquent real property taxes, and agreements (contract for deed, lease, land installment contract, option to purchase, etc.) permitting the borrower to remain in the property.</p>
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