

CENTURY LAW GROUP LLP

THE STATEWIDE REAL ESTATE LAW EXPERTS

TOLL FREE: (866) 522-2642



September 21, 2009



IMPORTANT INFORMATION REGARDING YOUR REAL ESTATE CAREER

Dear Sir/Madam:

Our law firm specializes in representing real estate brokerages and real estate professionals. We regularly review pending public matters filed by the Federal Trade Commission, which is how we became aware of your matter.

In addition to our standard defense practice, including real estate litigation and California Department of Real Estate defense, we are representing loan modification entities with respect to FTC actions including the contesting of Permanent Injunctions, Temporary Restraining Orders and, Orders to Show Cause. We dispute the validity of FTC claims against our clients who are accused of non-compliantly processing loan modifications. Additionally, we have been representing real estate professionals in DRE Audits and with respect to Desist and Refrain orders regarding their loan modification practices. We believe that Business and Professions code 10026 and 1013.2 are inapplicable to the negotiation of loan modifications and that the DRE lacks jurisdiction to prosecute for these purported violations.

- **Edward Lear** is a former licensing prosecutor and has been on the defense side for the last seventeen years. Mr. Lear has successfully defended hundreds of real estate professionals throughout California.
- **Marisol Ocampo** is a Spanish-speaking attorney who for over ten years specialized in aggressively defending real estate businesses throughout California.

Contact us and we can discuss the details of your case and explore your options. For additional information, please visit us at www.DreDefense.com for more information.

Sincerely,

Century Law Group LLP

Edward O. Lear, Esq.

Marisol Ocampo, Esq.

EOL/ go Advertisement of Legal Service (in compliance with CRPC 1-400 (E) (5)) if you are represented by counsel, please disregard this letter.

Former prosecutor says 'loan modification' is not a bad word

In the midst of ongoing public attacks on the loan modification industry, Attorney Edward Lear staunchly defends his clients against the Department of Real Estate, State Bar of California, and Federal Trade Commission.

August 13, 2009

After several months of negative media coverage and the recent avalanche of prosecutions ignited by Operation Loan Lies, the loan modification industry continues under siege. Attorney Edward Lear of Century Law Group, LLP is currently defending several clients being prosecuted for purported violations of how they conducted their loan modification businesses. Lear is the torch bearer for all that is right with the loan modification industry. Included in the loan modification cases he has handled, he has recently concluded a two week trial on behalf of Home Owners Assistance and First Mortgage of America prosecuted by the Department of Real Estate (DRE); is defending Attorney Sean Rutledge of the United Law Group in an ongoing State Bar action; and is representing Loss Mitigation Services in an ongoing federal court matter prosecuted by the Federal Trade Commission (FTC).

Allegations against Lear's clients include deceptive advertising practices, failures to conform to rules with respect to advance fees and trust accounting, and failures to perform the services for which these loan modification companies were hired. Lear just conducted a seven day trial wherein he defended three loan modification companies who were accused of, amongst other things, failing to have an advance fee contract approved by the DRE commissioner prior to accepting fees. The focal point of the DRE's prosecution was the handling of 3 loan modification client files in which the respondent companies appropriately performed services including one instance where a loan modification was obtained. In each of these three instances the respondent companies refunded all monies paid to them. The DRE did not present any evidence that the respondent companies failed to perform any of the loan modification services they were hired to perform in the 1000 plus files they handled.

Lear's take:

By spending close to \$100 million on non-profits to provide loan modification assistance to challenged homeowners, the Obama administration has acknowledged that homeowners need help when presenting their hardship circumstances to banks.

Most people agree that a professional car dealer would be likely to get a better deal when buying a new car than the average consumer. So, why wouldn't attorneys, or those expert in mortgages, be likely to better modify a mortgage than a homeowner? And why wouldn't it be reasonable to expect the paid, skilled attorney or mortgage expert to always out-perform the non-profit housing counselor?

Yet banks are the first to tell homeowners that they do not need to hire an attorney or a mortgage expert to modify their mortgage. Bank representatives routinely try to convince challenged homeowners that the banks are looking out for the homeowners; that the homeowners can trust the banks.

Consider that these are the same banks that:

- Put homeowners into mortgages where the payments double as soon as the prepayment penalty period ends.
- Blame the borrowers for the meltdown and have already foreclosed on millions of homes.
- Lobbied Congress to kill the bankruptcy reform bill that would have allowed judges to modify mortgages in bankruptcy so that bankrupt homeowners could have a chance to keep their homes.
- Fraudulently packaged mortgage-backed securities as AAA rated bonds and in doing so destroyed the bond market, and left the world's financial systems in ruin.
- Paid their executives untold billions in compensation and bonuses as the entire country was sliding into the deepest recession since the 1930s.
- Received trillions of dollars in taxpayer money.

Consider also that these same banks are required by law to negotiate in the bank's best interest. Yet:

- Homeowners, who are delinquent on their mortgage payments and in jeopardy of losing their homes to foreclosure, are emotional, often scared, unknowledgeable, and lacking in objectivity. Hardly the traits with which one wants to enter into a loan modification dialogue.
- Unlike attorneys, most challenged homeowners are not trained in how to best present the most salient facts compelling modification, and how to counter arguments that present alternative views of the facts at hand.
- Unlike attorneys and mortgage experts, most challenged homeowners know little more about their mortgages than the amount due each month. Banks know more. Isn't a homeowner better served by engaging an informed advocate?
- Banks have plenty of lawyers, mortgage experts, credit specialists, underwriters, and professional negotiators on their side.

And what is the response of the banks to the above points? That the lawyers, the mortgage experts, the fraud examiners are all scammers because they charge up front for their services.

Draw your own conclusion and after you have done so, consider that the loan modification industry is being unfairly painted with the broad stroke of impropriety.