

# LENDERS UPDATE™

A MONTHLY SERVICE TO THE MORTGAGE LENDING INDUSTRY

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## AN ALT & ASSOCIATES NEWSLETTER

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**October 7, 2010**

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## **CALIFORNIA DEPARTMENT OF REAL ESTATE UPDATES**

On October 1, 2010 the California Department of Real Estate published several interesting or significant notices. The details of all of these can be found on the DRE site at:

[www.dre.ca.gov/](http://www.dre.ca.gov/) Click on “Quick links” then “Newsflash”

### Misleading Designations and Claims

The California DRE has published numerous alerts and warnings about fraud and its connection with pre-foreclosure and foreclosure related services that are undertaken on behalf of distressed homeowners. These include loan modifications, forensic loan audits, and short sales.

Now the DRE has noticed an increase in the use of questionable and possibly misleading terms such as “expert, certified and specialist” in the marketing of assistance to anxious homeowners. DRE cites as examples, individuals and companies, some unlicensed, who purport to be experts in the area of short sales, forensic loan audits, short sale specialists, loan modification specialists, loss mitigation experts, fraud investigators and the like. The DRE believes many of these claims to be merely marketing ploys used to capitalize on the distress of these homeowners. DRE also discusses expensive courses and materials being offered with little or no content. These are being offered to allow those who purchase these courses or materials to claim that they have certifications, which DRE feels are often worthless. The Notice sets out in detail an alert to consumers concerning this type of misleading information and advertisements, gives advice on how to check out information and claims and reminds California Real Estate licensees of the laws that apply in this area.

#### **Pre-license Education Certification Extended to December 1, 2010**

The Department of Real Estate is extending the deadline for DRE licensees to obtain certification from the NMLS attesting that pre-license education requirements have been satisfied, when the applicant’s education was originally completed to obtain the DRE license. The extension now terminates on December 31, 2010 but to be eligible, licensees must file the form MU-4 and pay the application fees by December 1<sup>st</sup>. Instructions for this process can be found at the above referenced website.

#### **Disclosure Questions Concerning Bankruptcy**

If the answer is yes to any question on the MU-4 form concerning bankruptcy, the following should be submitted along with other items on the requirements checklist. (The DRE hopes this will cut down on the large number of documents being submitted that are related to bankruptcy filings.)

**The items are:**

- **bankruptcy type,**
- **district court location,**
- **date of discharge,**
- **copy of schedules listing creditors,**
- **a brief explanation of the circumstances surrounding the filing, and**
- **a copy of the discharge order if applicable.**

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**ALT & ASSOCIATES provides regulatory, compliance, operational advice and transactional assistance, as well as litigation representation, to the financial services industry. Over the past two decades, members of the firm have represented Institutional Lenders and Mortgage Bankers and Brokers in all aspects of their operations. If you have any questions please contact:**

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