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Division of Mortgage Lending Announces Licensing Requirements for Loan Modification and Foreclosure Consultants and Agents; New Law Provides More Protection for Consumers

Las Vegas – As a result of the passage of AB 152 in the 2009 Legislative Session, effective July 1, all loan modification and foreclosure consultant companies and those working as agents on behalf of the companies as either employees or independent contractors are required to be licensed with the Division of Mortgage Lending.

“We are pleased that the legislature passed this important bill,” said Division of Mortgage Lending Commissioner Joseph Waltuch. *“With the rapid increase in mortgage delinquencies and foreclosures, consumers have been targets of foreclosure rescue and loan modification scams. This legislation provides additional protection for consumers by regulating the companies that are providing these services.”*

While the Division is required to submit permanent regulations implementing AB 152 by August 27, the provisions of AB 152 became effective on July 1. To best protect Nevada homeowners, on July 8, Governor Jim Gibbons signed emergency regulations, effective immediately, to enable the Division to bridge the gap in dates and begin the licensing and regulation of companies and persons offering loan modification and foreclosure consultant services.

Key provisions of the new legislation include:

- Two types of licenses are available: a loan modification and foreclosure consultant (company) license and a loan modification and foreclosure consultant agent license for natural persons working as agents on behalf of the company as either employees or independent contractors. Licensing with the Division will include a \$750 application fee for the principal office, a \$100 application fee for each branch office, a \$500 initial year license fee for the principal office and a \$100 initial year license fee for each branch office. An agent application fee is \$185.
- Loan modification and foreclosure consultants may charge up-front fees for services, but those monies must be held in a separate trust account until the services are provided.
- Loan modification and foreclosure consultants must post a bond, to be held by the Division.
- Loan modification and foreclosure consultants are now subject to annual examinations by the Division, and the Division can accept and investigate complaints against these types of companies and their agents.

“This new legislation benefits both the industry and the consumer,” said Commissioner Waltuch.

“There will be fewer bad actors damaging the reputation of upstanding companies, and consumers now have somewhere to go to check companies out and file complaints if necessary.”

Applications forms for loan modification and foreclosure consultants and agents are available for download from the Division of Mortgage Lending’s website at

http://mld.nv.gov/Forms.htm#Loan_Modification_and_Foreclosure/. For more information about the Division, visit <http://mld.nv.gov/index.htm>.

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