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**FOR IMMEDIATE RELEASE**

Monday, August 20, 2007

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## **State Cracks Down on Predatory Home Lenders**

### **Inspections To Review Loan Practices, Check for Unregistered Brokers**

**Santa Fe, August 20, 2007** – The New Mexico Regulation and Licensing Department (RLD) is examining mortgage lenders to check compliance with the state home lending laws.

“Now that we have finally won passage of one of the country's toughest and most pro-consumer payday lending laws, RLD is taking the next step in our ongoing war on predatory lending practices – predatory mortgage lending,” said Department Superintendent Edward J. Lopez.

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Over the next 90 days, RLD examiners will conduct unannounced, on-site inspections of a random sample of the 1,600 licensed mortgage lenders and mortgage brokers operating in New Mexico. The examiners will review advertising, marketing and promotional materials and inspect loan documents for indications that borrowers were steered into costly, inappropriate loans or were not adequately advised of the terms of the loan.

Examiners will also check to see if lenders are paying fees or commissions to individuals who are not registered as mortgage brokers in the state.

“New Mexico homeowners and homebuyers are being deluged with mortgage loan solicitations by mail, phone, e-mail and fax,” said Lopez. “And most of these ‘special offers’ are very bad deals for the borrower: teaser interest rates, hidden fees, interest-only terms and heavy prepayment penalties can make one of these loans a family’s financial time bomb.

“We’re witnessing how unsound lending practices impact national and global financial networks,” said Lopez. “The other side of the coin is the damage predatory lending does to borrowers, who can deplete their savings, lose their homes, and even be forced into bankruptcy.”

New Mexico law prohibits a wide range of unfair and deceptive practices and requires full disclosure of all the terms of high cost home loans. Lenders or brokers found in violation of the law are subject to fines or license revocation.

Borrowers who have questions or complaints about mortgage loan offers, mortgage lenders or mortgage brokers can call 800-704-5533 or send their comments on-line to the Regulation and Licensing Department at **report@loanabuse.org**.

A special RLD web site, Protecting Yourself From Predatory Mortgage Lending, offers more information for homeowners and borrowers at **www.loanabuse.org**.

**(END)**



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**Media Advisory: August 20, 2007**

**SUBJECT: Special Examinations of Mortgage Lenders**  
**FACT SHEET**

**WHO:** New Mexico Regulation and Licensing Department Financial Institutions Division is the state agency responsible for oversight of state-chartered banks, savings and loans, credit unions, trust companies, collection agencies, small loan and motor vehicle finance companies, mortgage lenders and mortgage loan brokers.

**WHAT:** Unannounced examinations of mortgage lenders and mortgage brokers.

**WHEN:** Over a 90-day period beginning Monday, August 20.

**WHERE:** Examiners will conduct on-site examinations of a random sample of the 1600 mortgage loan originators and brokers licensed in New Mexico.

**WHY:** To investigate predatory mortgage lending practices in New Mexico and identify individuals operating as unregistered mortgage brokers.

**HOW:** Examiners will review marketing and advertising materials, loan applications and supporting documents and may also contact individual borrowers to determine whether proper procedures were followed.

Regulation and Licensing is also inviting public comment, complaints or questions through its toll-free number, **800-704-5533**, or through **report@loanabuse.org**

**Protecting Yourself From Predatory Mortgage Lending**, a new section on the RLD web site is at **www.loanabuse.org**.