



SPONSOR: Sen. Marshall & Keeley
Sens. McDowell, Blevins, Henry, Connor & Reps. Maier,
Brady, Kowalko, Mulrooney, Plant, Williams

DELAWARE STATE SENATE
144th GENERAL ASSEMBLY

SENATE BILL NO. 163

AN ACT TO AMEND TITLES 5 AND 29 OF THE DELAWARE CODE RELATING TO FORECLOSURE
PROTECTION FOR HOMEOWNERS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE (Two-thirds of all members
elected to each house thereof concurring therein):

1 Section 1. Amend Title 5 of the Delaware Code by adding a new Chapter 35 to read as follows:

2 "CHAPTER 35. FORECLOSURE CONSULTANTS AND RECONVEYANCES.

3 SUBCHAPTER I. GENERAL PROVISIONS

4 §3500. Short Title.

5 This chapter may be cited as the "Mortgage Rescue Fraud Protection Act."

6 §3501. Purpose.

7 The purpose of this chapter is to protect homeowners from unfair or deceptive practices by foreclosure consultants
8 or through foreclosure reconveyance agreements.

9 §3502. DEFINITIONS.

10 As used in this chapter, unless the context requires otherwise:

11 (1) 'Homeowner' means the person holding record title to residential real property as of the date on
12 which an action to foreclose the mortgage or deed of trust is filed.

13 (2) 'Residence in foreclosure' means residential real property consisting of not more than four single
14 family dwelling units, one of which is occupied by the owner as the individual's principal place of residence, and against
15 which an order to docket or a petition to foreclose has been filed.

16 §3503. Exempt Agreements and Persons.

17 This chapter does not apply to:

18 (1) An individual admitted to practice law in this State, while performing any activity related to the individual's
19 regular practice of law in this State;

20 (2) A person who holds or is owed as an obligation secured by a lien on any residence in foreclosure which the
21 person performs services in connection with the obligation or lien, if the obligation or lien did not arise as a result of a
22 foreclosure reconveyance;

23 (3) A person doing business under any law of this State or the United States, which law regulates bank, trust
24 companies, savings and loan associations, credit unions, insurance companies, title insurers, or insurance companies
25 authorized to conduct business in this State, while the person performs services as part of the person's normal business
26 activities.

27 (4) A person originating or closing a loan in a person's normal course of business if, as to that loan:

28 a. The loan is subject to the requirements of the federal 'Real Estate Settlement Procedures Act.,' 12
29 U.S.C. § 2601 to § 2617; or

30 b. With respect to any second mortgage or home equity line of credit, the loan is subordinate to and
31 closed simultaneously with a qualified first mortgage loan under subparagraph a. or is initially
32 payable of the face of the note or contract to an entity included in paragraph (3).

33 (5) A judgment creditor of the homeowner, if the judgment creditor's claim accrued before the written notice of
34 foreclosure sale is sent;

35 (6) A title insurer authorized to conduct business in this State while performing title insurance services;

36 (7) A person licensed as a mortgage broker or mortgage lender under this Title 5 of the Delaware Code while
37 acting under the authority of that license;

38 (8) A person licensed as a real estate broker or real estate salesperson under this title of the Delaware Code while
39 the person engages in any activity for which the person is licensed;

40 (9) A non-profit organization that offers counseling or advice to homeowners in foreclosure or loan default, if the
41 organization is not directly or indirectly related to and does not contract for services with for-profit lenders or foreclosure
42 purchasers; or

43 (10) A person licensed to practice debt management services under Chapter 24 A of Title 6 of the Delaware Code
44 while the person engages in any activity for which the person is licensed.

45 §3505. Required Language.

46 The disclosures and documents required by this chapter must be in English. If a provider communicates with an
47 individual primarily in a language other than English, the provider must furnish a translation into the other language of the
48 disclosures and documents required by this chapter.

49 §3506 – §3511. Reserved.

50 SUBCHAPTER II. FORECLOSURE CONSULTANTS.

51 §3512. Definitions.

52 As used in this subchapter, unless the context requires otherwise:

53 (1) 'Foreclosure consultant' means a person who:

54 a. solicits or contracts a homeowner in writing, in person, or through any electronic or telecommunications
55 medium and directly or indirectly makes a representation or offer to perform any service that the person represents will:

56 (i) stop, enjoin, delay, void, set aside, annul, stay, or postpone a foreclosure sale;

57 (ii) obtain forbearance from any servicer, beneficiary or mortgagee;

58 (iii) assist the homeowner to exercise a right of reinstatement provided in the loan documents or to
59 refinance a loan that is in foreclosure and for which notice of foreclosure proceedings has been published;

60 (iv) obtain an extension of the period within which the homeowner may reinstate the homeowner's
61 obligation or extend the deadline to object to a ratification;

62 (v) obtain a waiver of an acceleration clause contained in any promissory note or contract secured by a
63 mortgage on a residence in foreclosure or contained in the mortgage;

64 (vi) assist the homeowner to obtain a loan or advance of funds;

65 (vii) avoid or ameliorate the impairment of the homeowner's credit resulting from the filing of an order to
66 docket or petition to foreclose or the conduct of a foreclosure sale;

67 (viii) save the homeowner's residence from foreclosure;

68 (ix) purchase or obtain an option to purchase the homeowner's residence within 20 days of an advertised
69 or docketed foreclosure sale;

70 (x) arrange for the homeowner to become a lessee or renter entitled to continue to reside in the
71 homeowner's residence;

72 (xi) arrange for the homeowner to have an option to repurchase the homeowner's residence; or

73 (xii) engage in any documentation, grant, conveyance, sale, lease, trust, or gift by which the homeowner
74 clogs the homeowner's equity of redemption in the homeowner's residence, or

75 b. Systematically contacts owners of property that court records or newspaper advertisements show are in
76 foreclosure or in danger of foreclosure.

77 (2) 'Foreclosure consulting contract' means a written, oral, or equitable agreement between a foreclosure
78 consultant and a homeowner for the provision of any foreclosure consulting service or foreclosure reconveyance.

79 (3) 'Foreclosure consulting service' includes:

- 80 a. receiving money for the purpose of distributing it to creditors in payment or partial payment of any
81 obligation secured by a lien on a residence in foreclosure;
- 82 b. contacting creditors on behalf of a homeowner;
- 83 c. arranging or attempting to arrange for an extension of the period within which a homeowner may cure the
84 homeowner's default and reinstate the homeowner's obligation;
- 85 d. arranging or attempting to arrange for any delay or postponement of the sale of a residence in foreclosure;
- 86 e. arranging or facilitating the purchase of a homeowner's equity of redemption or legal or equitable title within
87 20 days of an advertised or docketed foreclosure sale;
- 88 f. arranging or facilitating any transaction through which a homeowner will become a lessee, optionee, life
89 tenant, partial homeowner, or vested or contingent remainderman of the homeowner's residence;
- 90 g. arranging or facilitating the sale of a homeowner's residence or the transfer of legal title, in any form, to
91 another party as an alternative to foreclosure;
- 92 h. arranging for a homeowner to have an option to repurchase the homeowner's residence after a sale or
93 transfer;
- 94 i. arranging for or facilitating a homeowner remaining in the homeowner's residence as a tenant, renter, or
95 lessee; or
- 96 j. arranging or facilitating any other grant, conveyance, sale, lease, trust, or gift.

97 (4) 'Immediate family' means a person's parents, spouse, children (natural or adopted) and siblings of the whole
98 and half-blood.

99 §3513. Foreclosure Consulting Contract

- 100 (a) A foreclosure consulting contract shall be in writing and provided to the homeowner, without changes,
101 alterations, or modification, for review at least twenty-four hours before it signed by the homeowner.
- 102 (b) A foreclosure consulting contract shall be printed in at least twelve-point type and shall include the name and
103 address of the foreclosure consultant to which a notice of cancellation can be mailed and the date the homeowner signed the
104 contract.
- 105 (c) A foreclosure consulting contract shall fully disclose the exact nature of the foreclosure consulting services to
106 be provided and the total amount and terms of any compensation to be received by the foreclosure consultant.
- 107 (d) A foreclosure consulting contract shall be dated and personally signed, with each page being initialed, by each
108 homeowner of the residence in foreclosure and the foreclosure consultant and shall be acknowledged by a notary public in
109 the presence of the homeowner at the time the contract is signed by the homeowner.

110 (e) A foreclosure consulting contract shall contain the following notice, which shall be printed in at least
111 fourteen-point bold-face type, completed with the name of the foreclosure consultant, and located in immediate proximity
112 to the space reserved for the homeowner's signature:

113 **'NOTICE REQUIRED BY DELAWARE LAW**

114 _____(Name) or anyone working for him or her CANNOT ask you to sign or have you sign any lien, mortgage or
115 deed as part of signing this agreement unless the terms of the transfer are specified in this document and you are
116 given a separate explanation of the precise nature of the transaction.

117 _____(Name) or anyone working for him or her CANNOT guarantee you that they will be able to
118 refinance your home or arrange for you to keep your home. Continue making mortgage payments until a
119 refinancing, if applicable, is approved.

120 You may at any time, cancel this contract, without penalty of any kind. If you want to cancel this
121 contract, mail or deliver a signed and dated copy of this notice of cancellation, or any other written notice, indicating
122 your intent to cancel to _____(Name and address of the foreclosure consultant).

123 As part of any cancellation, you (the homeowner) must repay any money actually spent on your behalf by
124 _____(Name of foreclosure consultant) prior to receipt of this notice and as a result of this
125 agreement, within sixty days, along with interest at the prime rate published by the federal reserve plus 2 percentage
126 points, with the total interest rate not to exceed 8% per year.

127 **THIS IS AN IMPORTANT LEGAL CONTRACT AND COULD RESULT IN THE LOSS OF YOUR**
128 **HOME. CONTACT AN ATTORNEY FOR LEGAL ADVICE OR A HOUSING COUNSELOR APPROVED BY**
129 **THE FEDERAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR OTHER OPTIONS WITH**
130 **YOUR LENDER BEFORE SIGNING.'**

131 (f) A completed form in duplicate, entitled 'NOTICE OF CANCELLATION' shall accompany the foreclosure
132 consulting contract. The Notice of Cancellation shall:

- 133 (1) be on a separate sheet of paper attached to the contract;
134 (2) be easily detachable; and
135 (3) contain the following statement, printed in at least fourteen point type:

136 **'NOTICE OF CANCELLATION**

137 (Date of Contract)

138 To: (Name of foreclosure consultant)

139 (Address of foreclosure consultant)

140 I hereby cancel this contract.

141 _____ (date)

142 _____ (homeowner's signature)'

143 (g) If a foreclosure reconveyance is included in a foreclosure consulting contract or arranged after the execution of
144 a foreclosure consulting contract, the foreclosure purchaser shall provide the homeowner with a document entitled
145 "NOTICE OF RIGHT TO RESCIND TRANSFER OF DEED OR TITLE" in the form required under Subchapter III
146 herein.

147 (h) The foreclosure consultant shall provide to the homeowner a signed, dated, and acknowledged copy of the
148 foreclosure consulting contract and the attached notice of cancellation immediately upon execution of the contract.

149 §3514. Waiver of Rights.

150 Any provision in a foreclosure consulting contract that attempts or purports to waive the homeowner's rights under
151 this chapter, consent to jurisdiction for litigation or choice of law in a state other than this State, consent to a venue in a
152 county other than the county in which the property is located or impose any costs or filing fees greater than the actual costs
153 and fees, is void.

154 §3515. Prohibited Acts.

155 A foreclosure consultant may not:

156 (1) Claim, demand, charge, collect, or receive any compensation until after the foreclosure consultant has fully
157 performed each and every service the foreclosure consultant contracted to perform or represented that the foreclosure
158 consultant would perform;

159 (2) Claim, demand, charge, collect, or receive any interest or any other compensation for any loan that the
160 foreclosure consultant makes to the homeowner that exceeds 8% a year;

161 (3) Take any wage assignment, any lien or any type of real or personal property, or other security to secure the
162 payment of compensation;

163 (4) Receive any consideration from any third party in connection with foreclosure consulting services provided to
164 a homeowner unless the consideration is first fully disclosed in writing to the homeowner;

165 (5) Acquire any interest, directly or indirectly, or by means of a subsidiary, affiliate, or corporation in which the
166 foreclosure consultant or a member of the foreclosure consultant's immediate family is a primary stockholder, in a
167 residence in foreclosure from a homeowner with whom the foreclosure consultant has contracted;

168 (6) Take any power of attorney from a homeowner to enter into a foreclosure consulting contract that does not
169 comply in all respects with this subchapter; or

170 (7) Facilitate or engage in any transaction that is unconscionable given the terms and circumstances of the
171 transaction.

172 §3516 - §3521. Reserved.

173 SUBCHAPTER III. FORECLOSURE RECONVEYANCES.

174 §3522. Definitions

175 As used in this subchapter, unless the context requires otherwise:

176 (1) 'Foreclosure purchaser' means a person who acquires title or possession of a deed or other document
177 to a residence in foreclosure as a result of a foreclosure reconveyance.

178 (2) 'Foreclosure reconveyance' means a transaction involving:

179 a. the transfer of title to real property by a homeowner during or incident to a proposed
180 foreclosure proceeding, either by transfer of interest from the homeowner to another party or by creation of a mortgage,
181 trust, or other lien or encumbrance during the foreclosure process that allows the acquirer to obtain legal or equitable title to
182 all or part of the property; and

183 b. the subsequent conveyance, or promise of a subsequent conveyance, or an interest back to the
184 homeowner by the acquirer or a person acting in participation with the acquirer that allows the homeowner to possess the
185 real property following the completion of the foreclosure proceeding, including an interest in a contract for deed, purchase
186 agreement, land installment sale, contract for sale, option to purchase, lease, trust, or other contractual arrangement.

187 (3) 'Primary housing expenses' means the total amount required to pay regular principal, interest, rent, utilities,
188 hazard insurance, real estate taxes, and association dues on a property.

189 (4) "Resale" means a bona fide market sale of property subject to a foreclosure reconveyance by the foreclosure
190 purchaser to an unaffiliated third party.

191 (5) 'Resale price' means the gross sale price of a property on resale.

192 (6) 'Settlement' means an in-person, face-to-face meeting with the homeowner to complete final documents
193 incident to the sale or transfer of real property, or the creation of a mortgage or equitable interest in real property, conducted
194 by a settlement agent who is not employed by or an affiliate of the foreclosure purchaser, during which the homeowner
195 must be presented with a completed copy of the HUD-1 Settlement form.

196 §3523. Notice of Transfer of Deed or Title

197 (a) If a foreclosure reconveyance is included in a foreclosure consulting contract or arranged after the execution
198 of a foreclosure consulting contract, the foreclosure purchaser shall provide the homeowner with a document entitled
199 'NOTICE OF TRANSFER OF DEED OR TITLE.'

- 200 (b) The 'NOTICE OF TRANSFER OF DEED OR TITLE' shall:
- 201 (1) Contain the entire agreement of the parties;
- 202 (2) Be printed in at least 12 point type and written in the same language that is used by the
203 homeowner and was used in discussions to describe the services of the foreclosure consultant or foreclosure purchaser of to
204 negotiate the transfer or sale of the property.
- 205 (3) Be dated and personally signed by the homeowner and the foreclosure purchaser and witnessed and
206 acknowledged by a notary public;
- 207 (4) Describe in detail the terms of any foreclosure conveyance including:
- 208 (a) The name, business address, telephone number, and facsimile number of the person to
209 whom the deed or title will be transferred;
- 210 (b) The address of the residence in foreclosure;
- 211 (c) The total consideration to be given by the foreclosure purchaser, the foreclosure
212 consultant, and any other party as a result of the transfer;
- 213 (d) The time at which title is to be transferred to the foreclosure purchaser and the terms of
214 any conveyance;
- 215 (e) Any financial or legal obligations that the homeowner may remain subject to, including a
216 description of any mortgages, liens, or other obligations that will remain in place;
- 217 (f) A description of any services of any nature that the foreclosure purchaser will perform
218 for the homeowner before or after the sale of transfer;
- 219 (g) A complete description of the terms of any related agreement designed to allow the
220 homeowner to remain in the home, including the terms of any rental agreement, repurchase agreement, contract for deed,
221 land installment contract, or option to buy, and any provisions for eviction or removal of the homeowner in the case of late
222 payment; and
- 223 (h) How any repurchase price or fee associated with any transfer of title or deed back to the
224 homeowner will be calculated.
- 225 (5) Contain the following statement printed in at least fourteen-point bold-face type and located in
226 immediate proximity to the space reserved for the homeowner's signature:
- 227 **'If you change your mind about transferring ownership of your property, you, the homeowner, may cancel or**
228 **rescind the transfer of the deed or title to your property at any time before midnight of the third business day that**
229 **begins the day after you sign the deed or title.**

230 To rescind this transaction, mail or deliver a signed and dated copy of the Notice provided, or any other
231 written notice expressing a similar intent to (name of foreclosure consultant) at (address of foreclosure consultant).

232 **THIS IS AN IMPORTANT LEGAL CONTRACT AND COULD RESULT IN THE LOSS OF YOUR**
233 **HOME. CONTACT AN ATTORNEY FOR LEGAL ADVICE OR A HOUSING COUNSELOR APPROVED BY**
234 **THE FEDERAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR OTHER OPTIONS WITH**
235 **YOUR LENDER BEFORE SIGNING’.**

236 (c) If a foreclosure reconveyance is included in a foreclosure consulting contract or arranged after the execution
237 of a foreclosure consulting contract, the foreclosure purchaser shall provide the homeowner with a document entitled
238 “NOTICE OF RIGHT TO RESCIND TRANSFER OF DEED OR TITLE.”

239 (1) The NOTICE OF RIGHT TO RESCIND TRANSFER OF DEED OR TITLE shall:

240 (a) Be a separate sheet of paper attached to the NOTICE OF TRANSFER OF DEED OR
241 TITLE;

242 (b) Be easily detachable; and

243 (c) Contain the following statement printed in at least fourteen point type:

244 ‘NOTICE OF RIGHT TO RESCIND TRANSFER OF DEED OR TITLE

245 (Date)

246 You may cancel or rescind the transfer of ownership of your property through the transfer of a deed or title before midnight
247 of the third business day that begins the day after you sign the deed or title.

248 To rescind or cancel this transaction, mail or deliver a signed and dated copy of this Notice, or any other written
249 notice expressing a similar intent to (name of foreclosure consultant) at (address of foreclosure consultant).

250 **THIS IS AN IMPORTANT LEGAL CONTRACT AND COULD RESULT IN THE LOSS OF YOUR**
251 **HOME. CONTACT AN ATTORNEY FOR LEGAL ADVICE OR A HOUSING COUNSELOR APPROVED BY**
252 **THE FEDERAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR OTHER OPTIONS WITH**
253 **YOUR LENDER BEFORE SIGNING.**

254 NOTICE OF RESCISSION

255 To: (name of foreclosure purchaser)

256 (address of foreclosure purchaser)

257 I hereby rescind the transfer of deed or title to my property. Please return all executed documents to me.

258 _____ date _____ (homeowner’s signature)”.

- 259 (d) The foreclosure purchaser shall provide the homeowner with a copy of the Notice of Right to Rescind
260 Transfer of Deed or Title immediately on execution of any document that includes a foreclosure reconveyance.
- 261 (e) The time during which the homeowner may rescind the contract or transfer does not begin to run until the
262 foreclosure purchaser has complied with this section.
- 263 (f) A foreclosure reconveyance may not be carried out using a power of attorney from the homeowner.
- 264 (g) A notice of rescission need not take the particular form specified in this subchapter or any form contained in
265 any agreement with the foreclosure consultant or foreclosure purchaser and is effective, however expressed, if it indicates
266 the intention of the homeowner to rescind the reconveyance agreement.
- 267 (h) The right to rescind may not be conditioned on the repayment of any funds.
- 268 (i) Within 10 days after receipt of a notice of rescission, the foreclosure purchaser shall return, without condition,
269 any original deed, title, contract, and any other document signed by the homeowner.
- 270 (j) During the 3 day rescission period, a deed or other document affecting title to the homeowner's residence
271 may not be recorded.

272 §3524. Waiver of Rights

273 Any provision in an agreement concerning a foreclosure reconveyance that attempts or purports to waive the
274 homeowner's rights under this chapter, consent to jurisdiction for litigation or choice of law in a state other than this State,
275 consent to a venue in a county other than the county in which the property is located or impose any costs or filing fees
276 greater than the actual costs and fees, is void.

277 §3525. Prohibited Acts

278 A foreclosure purchaser may not:

- 279 (1) Enter into, or attempt to enter into, a foreclosure reconveyance with a homeowner unless:
- 280 a. The foreclosure purchaser verifies and can demonstrate that the homeowner has or will have a
281 reasonable ability to pay for the subsequent reconveyance of the property back to the homeowner on completion of the
282 terms of a foreclosure conveyance, or, if the foreclosure conveyance provides for a lease with an option to repurchase the
283 property, the homeowner has or will have a reasonable ability to make the lease payments and repurchase the property
284 within the term of the option to repurchase;
- 285 b. The foreclosure purchaser and the homeowner complete a settlement before any transfer of an interest
286 in the property is effected; and

287 c. The foreclosure purchaser complies with the requirements of the federal Home Ownership Equity
288 Protection Act, 15 U.S.C. 1639, and its implementing regulations for any foreclosure reconveyance in which the
289 homeowner obtains a vendee interest in a contract for deed.

290 (2) Fail to:

291 a. Ensure that the title to the property has been reconveyed to the homeowner in a timely manner if this
292 subchapter or the terms of a foreclosure reconveyance agreement require a reconveyance; or

293 b. Make payment to the homeowner within 90 days of any resale of the property so that the homeowner
294 receives cash payments or consideration in an amount equal to at least 82% of the net proceeds from any resale of the
295 property should a property subject to a foreclosure reconveyance be sold within 18 months after entering into a foreclosure
296 reconveyance agreement.

297 (3) Enter into repurchase or lease terms as part of the foreclosure conveyance that are unfair or commercially
298 unreasonable, or engage in any other unfair conduct;

299 (4) Represent, directly or indirectly, that:

300 a. The foreclosure purchaser is acting as an advisor or a consultant, or in any other manner represent that
301 the foreclosure purchaser is acting on behalf of the homeowner;

302 b. The foreclosure purchaser has certification or licensure that the foreclosure purchaser does not have;

303 or

304 c. The foreclosure purchaser is assisting the homeowner to “save the house” or use a substantially similar
305 phrase.

306 (5) Make any other statements, directly or by implication, or engage in any other conduct that is false, deceptive,
307 or misleading, or that has the likelihood to cause confusion or misunderstanding, including statements regarding the value
308 of the residence in foreclosure, the amount of proceeds the homeowner will receive after a foreclosure sale, any contract
309 term, or the homeowner’s rights or obligations incident to or arising out of the foreclosure reconveyance; or

310 (6) Until the homeowner’s right to cancel the transaction has expired:

311 a. Record any document, including an instrument of conveyance, signed by the homeowner; or

312 b. Transfer or encumber or purport to transfer or encumber any interest in the residence in foreclosure to
313 any third party.

314 §3526. Presumptions, Accounting, Bona fide Purchaser

315 (a) For the purposes of (1)a. of §3525 of this subchapter, there is a rebuttable presumption that;

316 (1) A homeowner has a reasonable ability to pay for a subsequent reconveyance of the property if the
317 homeowner's payments for primary housing expenses and regular principal and interest payments on other personal debt,
318 on a monthly basis, do not exceed 60% of the homeowner's monthly gross income; and

319 (2) The foreclosure purchaser has not verified reasonable payment ability if the foreclosure purchaser
320 has not obtained documents other than a statement by the homeowner of assets liabilities, and income.

321 (b) The foreclosure purchaser shall make a detailed accounting of the basis for the amount of a payment made to
322 the homeowner of a property resold within 18 months after entering into a foreclosure reconveyance agreement in
323 accordance with subsection (2)b. of §3525 of this subchapter. The accounting shall include documentation of expenses and
324 other consideration paid by the foreclosure purchaser and deducted from the resale price.

325 (c) A bona fide purchaser for value or bona fide lender for value who enters into a transaction with a homeowner
326 or a foreclosure purchaser when a foreclosure consulting contract is in effect or during the period when a foreclosure
327 reconveyance may be cancelled, without notice of those facts, receives good title to the property, free and clear of the right
328 of the parties to the foreclosure consulting contract or the right of the homeowner to rescind the foreclosure reconveyance.

329 (d) This subchapter may not be construed to impose any duty on a purchaser, title insurer, or title insurance
330 producer with respect to the application of the proceeds of a sale of property by a foreclosure purchaser.

331 SUBCHAPTER IV. ENFORCEMENT

332 The State Bank Commissioner is empowered to investigate compliance with this chapter whether or not a
333 complaint is filed. Investigations not otherwise resolved through the Bank Commissioner's initial investigation may be
334 referred by the State Bank Commissioner to the Attorney General for further proceedings.

335 SUBCHAPTER V. REMEDIES

336 §3527. Remedies, penalties, and violation of order or injunction.

337 (a) A person engages in a deceptive trade practice and is subject to the remedies available in §2533 of Title 6 of the
338 Delaware Code when, in the course, of such person's business, vocation, or occupation, such person violates any provision
339 of this chapter.

340 (b) Any homeowner who brings an action under this chapter may be awarded monetary damages by a court of
341 competent jurisdiction.

342 (c) A person who violates any order or injunction issued pursuant to this chapter is subject to the provisions of §2598
343 of Title 6 of the Delaware Code.

344 (d) A person who violates any provision of this chapter shall be guilty of a Class A misdemeanor."

345 Section 2. Amend §2517(c) of Title 29 of the Delaware Code by adding to each of paragraphs (1) and (2) the
346 phrase “Chapter 35 of Title 5,” after the existing phrase “Chapter 35 of Title 6,”.

347 Section 3. The Bank Commissioner shall promulgate regulations necessary to implement this Act by no later
348 than January 1, 2008.

349 Section 4. This Act shall take effect on January 1, 2008, with the exception of Section 3 which shall take effect
350 immediately.

351

SYNOPSIS

Each Month foreclosure proceedings begin on about one house in every 1,000 nationwide. The growing foreclosure rate has led to a wave of equity stripping and mortgage rescue scams. This Bill regulates foreclosure consultants and foreclosure reconveyances in order to protect homeowners in foreclosure from mortgage rescue schemes that deplete the homeowner’s equity.

Author: Senator Marshall