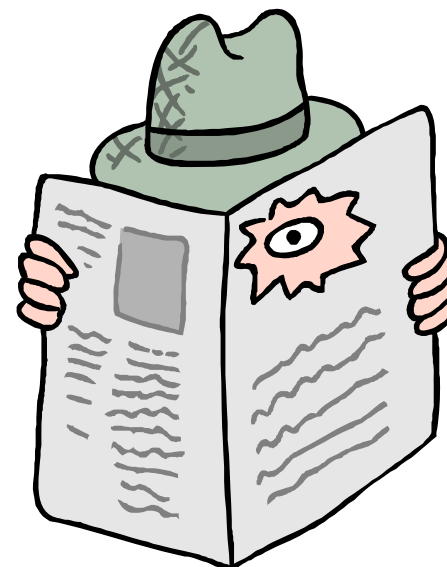


Consumer Privacy: Foreclosures



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Is foreclosure information public?

- Notice of Trustee's Sale
 - RCW 61.24.040(1)(a) Record a notice...in the office of the auditor in each county in which the deed of trust is recorded.
- Publication
 - RCW 61.24.040(3) The trustee shall cause a copy of the notice of sale...to be published in a legal newspaper in each county in which the property or any part thereof is situated, once on or between the thirty-fifth and twenty-eighth day before the date of sale, and once on or between the fourteenth and seventh day before the date of sale.



But, the information is getting out *pre-foreclosure...*

- How?
 - Credit Reporting Agencies
 - Receive notice of delinquency
 - Activity coded and flagged
 - CoreLogic Data Broker
 - Sells to companies like RealtyTrac
 - Studying trends vs. Individual data
 - Realty has Pre-foreclosure data
 - Subscription services
 - Advises how to “low ball”
 - Borrower contact information



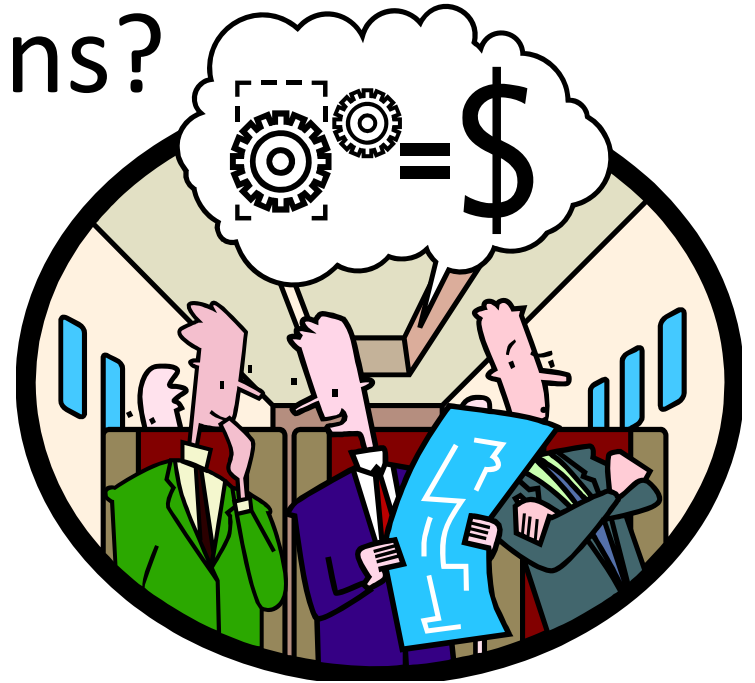
What happens?

- Pressure to Sell

- Short sale
- If equity, value depreciation
 - Chilling effect on sale prices
- Retention options not explored

- Scammers

- Homeowners facing foreclosure are particularly susceptible to scammers.
- Legitimizes scammers because they have accurate data, including: loan number, lender's name, unpaid principal balance, months in default, etc.



Negative consequences?

- Homeowners unable to sell at fair market value and therefore do not maximize equity.
- Homeowners are not pursuing retention options, when they may be eligible.
- Homeowners are being scammed.



Is anyone looking into this?

- *FTC's Data Brokers: A Call for Transparency and Accountability* (May 2014)

– Check it out:

- <http://www.ftc.gov/system/files/documents/reports/data-brokers-call-transparency-accountability-report-federal-trade-commission-may-2014/140527databrokerreport.pdf>



What are the current protections?

- The **Gramm-Leach-Bliley Act** requires financial institutions – companies that offer consumers financial products or services like loans, financial or investment advice, or insurance – to explain their information-sharing practices to their customers and to safeguard sensitive data and explain customers' right to "opt out" if they don't want their information shared with certain third parties.

Next steps?

- Should there be more oversight?
- What type of regulation is appropriate?
- Are the mortgage servicers involved?
- Are the credit reporting agencies involved?
- Is the Fair Credit Reporting Act helpful?
- What is the true source of the data leak?
- Should we litigate more cases to get discovery?
- How best to do consumer (and industry) education?

Thank you

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