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Press Release

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TPG CHAIRMAN TO SERVE AS NHEMA SPOKESPERSON ON ISSUES OF MORTGAGE FRAUD.

San Rafael, CA – March 9 – In response to an increase in mortgage fraud in the housing industry, as well as confusion in the marketplace over its effects, its victims, and its relationship to predatory lending, the National Home Equity Mortgage Association (NHEMA) announced today that Arthur Prieston, Chairman of The Prieston Group, will serve as the Association's spokesperson on all issues relating to this vital topic.

"Mortgage fraud, both from a preventative perspective and a legislative one, is of great importance not only to NHEMA but to the industry at large," says Jeffrey Zeltzer, NHEMA President. "We represent the largest lenders in the nonprime industry, and we are committed to providing them a voice. With Arthur agreeing to serve in this position, our members now have that voice."

Industry experts, the FBI, and the HUD Office of Inspector General (HUD-OIG) have reported a dramatic rise in mortgage fraud activity over the past few years. In hearings conducted by the Subcommittee on Housing and Community Opportunity of the House

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Financial Services Committee last October, for example, the HUD-OIG testified that “. . . arrests in the single-family mortgage area have increased by 800% in a four-year period.”

Prieston also testified before that Subcommittee. “It was clear from those hearings that lenders are not routinely recognized as victims of mortgage fraud alongside borrowers. That has to change. It is time to begin defining and establishing legislation that will protect borrowers and lenders alike,” he says.

In many fraudulent residential loan transactions, were it not for the participation of third parties such as appraisers and settlement agents, the fraud would never succeed. Prieston points out, however, that as a result of different laws in different states, these third-party perpetrators commonly avoid liability. “The solution,” he says, “is to focus attention at the federal level. If we can do that, if we can bring statutory coherence and consistency to this issue, then we can bring relief not only to victimized borrowers, but also to victimized lenders who ultimately have to bear the end losses.”

Zeltzer and Prieston, both of whom also sit on the NHEMA Board of Directors, will be working together over the next months to formulate key issue papers on mortgage fraud in anticipation of the organization’s annual conference in Scottsdale this coming April, and from there will launch their new industry-wide initiatives to begin reversing the accelerating growth in mortgage fraud.

About NHEMA

The National Home Equity Mortgage Association Is the only trade association solely representing the nonprime home equity lending industry. NHEMA represents approximately 250 home equity lenders accounting for 80 percent of the \$240 billion in outstanding non-prime mortgage loans. The association and its members are committed to providing open

and available access to credit for all homeowners. For more info about NHEMA, please visit www.nhema.org.

About The Prieston Group

The Prieston Group is a diversified risk management consulting company. It offers the only fully integrated suite of mortgage fraud protection, mitigation, and indemnification services in the industry. Called TPG Mortgage Assurance Solutions™, these services provide lender due diligence and data integrity, fraud loss insurance and repurchase protection, and legal consultation for loss mitigation and recovery. Founded in 1986, the company's proprietary Lender Representation & Warranty Insurance™ (Pat. Pend.) protects over 700 lenders and over \$50 billion in residential loans to date. TPG has been an industry leader in fighting mortgage fraud, supporting lenders, aggregators, investors, and issuers, as well as working closely with rating agencies, industry representatives, and government and legislative agencies. For more information about The Prieston Group, please visit www.priestongroup.com

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