

**DISTRICT OF COLUMBIA**  
**OFFICIAL CODE**

**TITLE 42.**  
**REAL PROPERTY.**

**CHAPTER 24A.**  
**FORECLOSURE RESCUE PROHIBITED.**

**2001 Edition**

**DISTRICT OF COLUMBIA OFFICIAL CODE**  
**CHAPTER 24A. FORECLOSURE RESCUE**  
**PROHIBITED.**

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**TABLE OF CONTENTS**

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[§ 42-2431. Definitions.](#)

[§ 42-2432. Prohibited foreclosure transactions and practices.](#)

[§ 42-2433. Fiduciary duties.](#)

[§ 42-2434. Private actions.](#)

[§ 42-2435. Criminal penalties.](#)

# **CHAPTER 24A. FORECLOSURE RESCUE PROHIBITED.**

## **§ 42-2431. DEFINITIONS.**

For the purposes of this chapter, the term:

(1) "Foreclosure rescue service" means any good or service related to or promising assistance in connection with:

(A) Avoiding or delaying actual or anticipated foreclosure proceedings concerning residential property; or

(B) Curing or otherwise addressing a default or failure to timely pay with respect to a residential mortgage loan obligation.

(2) "Foreclosure rescue transaction" means a transaction involving the transfer of title to real property, or an interest in the property, by a homeowner during or incident to a mortgage default, foreclosure, or tax sale proceeding, either by transfer of any interest from the homeowner to another party or by creation of a mortgage, trust, or other lien or encumbrance during the foreclosure process; provided, that the transaction includes the subsequent conveyance, the promise of a subsequent conveyance, or a right to a subsequent conveyance of an interest back to the homeowner from the acquirer or a person acting in participation with the acquirer, including an interest in a contract for deed, purchase agreement, land installment sale, contract for sale, option to purchase, sale/leaseback, trust, or other contractual arrangement.

(Jan. 29, 2008, D.C. Law 17-87, § 2, 54 DCR 11913.)

### *HISTORICAL AND STATUTORY NOTES*

#### *Legislative History of Laws*

Law 17-87, the "Home Equity Protection Act of 2007", was introduced in Council and assigned Bill No. 17-101 which was referred to the Committee on Public Services and Consumer Affairs. The Bill was adopted on first and second readings on October 2, 2007, and November 6, 2007, respectively. Signed by the Mayor on November 27, 2007, it was assigned Act No. 17-205 and transmitted to both Houses of Congress for its review. D.C. Law 17-87 became effective on January 29, 2008.

## **§ 42-2432. PROHIBITED FORECLOSURE TRANSACTIONS AND PRACTICES.**

(a) It shall be unlawful, for compensation or gain or for potential or contingent compensation or gain, whether at the time of the transaction or in the future, to engage in, arrange, offer, promote, promise, solicit participation in, or carry out a foreclosure rescue transaction in the District or concerning residential property in the District. Nothing in this subsection shall be interpreted to prohibit foreclosure rescue transactions that are not carried out for compensation or gain or for potential or contingent compensation or gain, including transactions engaged in between or among family members or arranged by a bona fide nonprofit community organization or nonprofit housing organization.

(b) It shall be unlawful to advertise, offer, or promote the availability of foreclosure rescue transactions or services related to foreclosure rescue transactions.

(c) It shall be unlawful to advertise, offer, or promote foreclosure rescue services without disclosing, clearly and conspicuously, a precise description of the goods or services offered and how they will assist persons in avoiding or delaying foreclosure or curing or otherwise addressing a default or failure to timely pay a residential mortgage loan obligation.

(d) Nothing in this section shall be interpreted to prohibit the advertising of, offering of, promoting of, or engaging in foreclosure rescue transactions or foreclosure rescue services that are not carried out for compensation or gain or for potential or contingent compensation or gain, including transactions engaged in between or among family members or arranged by a bona fide nonprofit community organization or

nonprofit housing organization.

(Jan. 29, 2008, D.C. Law 17-87, § 3, 54 DCR 11913.)

*HISTORICAL AND STATUTORY NOTES*

*Legislative History of Laws*

For Law 17-87, see notes following § 42-2431.

### **§ 42-2433. FIDUCIARY DUTIES.**

Any person who advertises, offers, promotes, or provides foreclosure rescue services to a homeowner owes a fiduciary duty to the homeowner and shall discharge that duty in accordance with all applicable laws.

(Jan. 29, 2008, D.C. Law 17-87, § 4, 54 DCR 11913.)

*HISTORICAL AND STATUTORY NOTES*

*Legislative History of Laws*

For Law 17-87, see notes following § 42-2431.

### **§ 42-2434. PRIVATE ACTIONS.**

(a) In addition to any action by the Attorney General authorized under this chapter and any other action otherwise authorized by law, a homeowner may bring an action for damages incurred, or equitable relief, as the result of a practice prohibited by this chapter.

(b) A homeowner who brings an action under this chapter and who is awarded damages or equitable relief may also be awarded reasonable attorney's fees and costs.

(c) A violation of this chapter shall be a violation of Chapter 39 of Title 28 and all remedies of the chapter shall be available for such action. A private cause of action under the chapter is in the public interest.

(d) The remedies provided in this section are cumulative and do not restrict any remedy that is otherwise available.

(Jan. 29, 2008, D.C. Law 17-87, § 5, 54 DCR 11913.)

*HISTORICAL AND STATUTORY NOTES*

*Legislative History of Laws*

For Law 17-87, see notes following § 42-2431.

### **§ 42-2435. CRIMINAL PENALTIES.**

(a) Any person who knowingly violates any provision of this chapter, or any rule promulgated pursuant to this chapter, shall be fined an amount not to exceed \$10,000, imprisoned for not more than one year, or both. All prosecutions of this subsection shall be instituted by the Attorney General for the District of Columbia or any of his or her assistants.

(b) A person who knowingly commits a 2nd or subsequent violation of any provision of this chapter, or any rule promulgated pursuant to this chapter, shall be fined an amount not to exceed \$50,000, imprisoned for not more than 5 years, or both.

(Jan. 29, 2008, D.C. Law 17-87, § 6, 54 DCR 11913.)

*HISTORICAL AND STATUTORY NOTES*

*Legislative History of Laws*

For Law 17-87, see notes following § 42-2431.