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Avoiding Foreclosure Rescue Scams

! Don't fall prey to foreclosure rescue scams. Call your mortgage servicer first.

Common Types of Foreclosure Rescue Scams

False Claims of Counseling/Help

The fraudster asks you to pay the firm up front, or make your monthly mortgage payments directly to them and they will negotiate on your behalf with your lender. The scam artist then takes off with your money.

Refinance/Bait and Switch

The fraudster tries to convince you that by signing for a new loan, you will be brought current on your existing loan. Instead, you find that you have signed over the title of the property to the scammer.

Rent to Buy

The scammer tells you to transfer the title to them and you can rent the home with an option to buy the home back when you can. The fraudster then walks away with all the equity in the home and you are evicted when they stop paying the mortgage. In a variation of this, the scammer offers to find a buyer for you if you transfer the deed and move out. Upon selling the property, the two parties will split the profit. The scammer rents out the home, while the unknowing lender proceeds with foreclosure. You are still on the hook for the mortgage because transferring the deed does not transfer your mortgage obligation.

Red Flags

- The business guarantees it can stop a foreclosure regardless of the borrower's actual circumstances.
- The business tells you to break off any contact with your lender/servicer, independent counselor or attorney.
- The business asks for payment up front, before it has performed any services.
- The business instructs you to turn over your monthly mortgage payment to it, and not your loan servicer.
- The business attempts to get you to sign over the title to your home.
- The business asks you to sign incomplete or blank paperwork or pressures you to sign a document you haven't had time to read thoroughly.
- The business promises to repay all of your defaulted mortgage payments for you.
- The business claims that title transfer will only be temporary; you will be able to reclaim your title at a later date.
- The business promises to pay off your current mortgage, even though you are currently in default, in exchange for taking out a new loan with their company.

Go to www.homeloanlearningcenter.com to learn more.

Tips for Avoiding Foreclosure Rescue Scams

- Work directly with your servicer — the company to whom you make your monthly mortgage payment.
- Work with a member of the Hope Now Alliance — **(888) 995-HOPE** — or a non-profit HUD-approved counselor, **www.hud.gov/offices/hsg/sfh/hcc/fc/index.cfm**.
- Be wary of paying someone hundreds of dollars for a service you can get for free directly from your servicer or a non-profit HUD approved counselor.
- Be wary of paying upfront fees for promised future services.
- Know what you are signing and don't sign blank or incomplete documents.
- Make sure an independent attorney reviews any document that transfers the title to your home and that you obtain the servicer's approval to transfer title (such as with a short sale or mortgage assumption).

How to Report Foreclosure Rescue Scams

- Visit the FBI web site at **www.fbi.gov/hq/mortgage_fraud.htm**.
- Contact your state Attorney General's office or local law enforcement (police, sheriff, etc.).
- Inform your servicer.

How to Contact Your Mortgage Servicer

Your mortgage servicer is the company that you pay your mortgage to every month. For a list of servicers, and their contact information, visit **www.HomeLoanLearningCenter.com**.

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a guide to modifying mortgages