

How-To Spot a Foreclosure Rescue Scam Artist

Posted At : April 5, 2012 1:25 PM | Posted By : Coach Realtors

Related Categories: mortgage

With foreclosure rates high, homeowners all over the country are struggling to secure their finances and save their home. Unfortunately, this means that foreclosure rescue and mortgage modification scams are on the rise as well.

"The fact that these scammers are zeroing in on scared and often panicked homeowners is sad," says Lawrence Finn, CEO Owner/Broker of Coach Real Estate Associates. "However, it's a reality we have to face by arming homeowners with the tools they need to protect themselves."

So how do these scammers move in? Many companies say they can get a change to a loan that will reduce the homeowner's monthly mortgage payment. Others say they're affiliated with the government, or the lender, and many even offer a money-back guarantee. "These con artists often claim they can 'save' your home, often pretending that they have direct contact with your mortgage servicer," explains Finn. They ask for a fee, or require you to make mortgage payments directly to them, and then they disappear with your money.

And how do they find distressed homeowners? "Some watch for public foreclosure notices in newspapers and online, or check public files at local government offices, and then send personalized letters or make phone calls directly to the homeowner," explains Finn. "Some place ads online or on TV and let the homeowners come to them."

Below, Finn outlines a few different commonly used tactics that scammers use to lure in distressed homeowners.

The Rent-to-Buy Companies or scammers who use the rent-to-buy scheme tell the owner to surrender the title to their house as part of a deal that allows them to stay there as a renter with the promise that they can repurchase the property later.

The Counselor The company or scammer tells the homeowner that for a fee, they'll negotiate a deal with your lender to reduce your mortgage payments or to save your home. Often, they claim to be attorneys or represent a law firm.

Bait-and-Switch "In this type of scam, con artists give homeowners documents to sign to get an additional loan, which they claim will make their loan current," explains Finn. Usually somewhere hidden in the document is information surrendering the title of the home to the scammers in exchange for a rescue loan.

The Auditor Here, an "auditor" offers to have an attorney or real estate expert review your mortgage document to determine if your lender complied with the law. They ask for an upfront fee and then disappear. "These scam artists often call themselves forensic loan auditors, mortgage loan auditors or foreclosure prevention auditors," says Finn.

So how can you tell if you are dealing with a foreclosure rescue scam artists? Keep an eye out for the following warning signs:

Beware of anyone who:

- o Asks you to pay an upfront fee in exchange for counseling or loan modification
- o Pressures you to sign papers immediately
- o Asks for payment by wire transfer or cashier's check
- o Claims they will buy your home from you so you can repurchase it over time
- o Tells you not to contact your bank, lender or lawyer
- o Asks

you to make mortgage payments to them, instead of your lender

Do not sign over the deed to your property to any organization or individual unless you are working directly with your mortgage company

Never make a mortgage payment to anyone other than your mortgage company.

"If you have gotten a foreclosure notice, or are having trouble making mortgage payments, contact your lender and see if you can negotiate a new repayment plan," advises Finn. "Your home is your most valuable asset, so being hyper-aware of scammers is important."