

Are You The Next Mark in the Mortgage Con Game?

Don't get swindled by today's slick talkers and Internet scams promising mortgage problem cure-alls.

As the real estate market has suffered its woes over the past few years, the perpetration of mortgage fraud has skyrocketed. In addition, stock market losses, high unemployment, the rise in foreclosures and contracting financial markets have all contributed to the recent influx. Mortgage fraud has already cost the mortgage industry billions of dollars.

Here's what you should know about today's most common mortgage scams...

Reverse Mortgage Fraud

For many senior citizens, reverse mortgages have become a way to turn their home equity into cash. However, fraudsters have increasingly taken advantage of this program by convincing seniors to take out a lump-sum payment, while creating falsified documents to disburse the money to themselves.



Credit Enhancement Fraud

Perpetrators use credit enhancement schemes to circumvent tightened lending practices, thus securing home loans for otherwise unqualified buyers. One such method is to convince a borrower to add his or her name to accounts of friends and family members to demonstrate the borrower has sufficient deposits on hand.



Builder-bailout Fraud

Due to the increasing supply of new homes and reduced demand, some builders have turned to illegal schemes to sell their homes. Typically, these schemes involve offering excessive buyer incentives that are not disclosed on loan documents. Often, unscrupulous appraisers are used to inflate home values to offset the cost of these incentives.

Foreclosure Rescue Fraud

Given the increasing number of foreclosures in recent years, it should come as no surprise that foreclosure fraud is on the rise. Frequently, scammers offer to "rescue" a distressed home for a fee. Sometimes, a borrower is even encouraged to make his or her mortgage payments directly to the "rescuer." The scammers then keep these payments.



Loan Modification Program Fraud

This is a popular form of foreclosure rescue fraud. A scammer will contact owners of distressed properties and convince them that they can secure more favorable loan

terms for an upfront fee. Meanwhile, the scammer also persuades the homeowner not to contact his or her lender directly. Eventually, the scammer will inform the homeowner that the lender has agreed to modify the home loan, but first the lender requires a good faith payment, which the fraudster keeps.

Short Sale Fraud

In this case, perpetrators will convince the homeowners of a distressed property to deed their property over to them. The perpetrator then negotiates a short sale with the lender. Unbeknownst to the lender and the homeowner, the scammer will already have a buyer lined up and sell the property immediately for profit.



Mortgage fraud is pervasive and at epidemic proportions. The FBI reports a 1,411% jump in reports of mortgage fraud between 1997 and 2005.

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www.ePropertywatch.com/myhome

home fraud IS skyrocketing.

Here is what you need to know to avoid becoming a victim of foreclosure or loan modification fraud.

Only deal with people you know.

If you are having trouble making your mortgage payments, talk with your lender or loan institution directly. They represent your best opportunities to restructure your loan and can be trusted to act appropriately.

Never deal with an outside person or company that makes unsolicited offers concerning a distressed loan. This unsolicited contact can include phone calls, e-mails and door-to-door selling.

Proper assistance is not expensive, and it's not miraculous.

Any individual or company that offers to solve your foreclosure problem for a large fee is not reputable. In addition, if they offer a solution to your problem that sounds too good to be true, it probably is.

According to the U.S. Federal Bureau of Investigation, 60,000 Suspicious Activity Reports related to mortgage fraud are expected to be filed this year.

The reality is that trustworthy, government-sponsored assistance is readily available for no charge or a small fee. Contact NeighborWorks® America to find a local member organization by visiting www.nwconsumer.org or calling **1-888-995-HOPE (4673)**.

The U.S. Department of Housing and Urban Development (HUD) can also refer you to a certified agency when you visit

www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm

or call the HUD counseling and referral line at **1-800-569-4287**. Information about new Congressional loan modification and refinancing programs are available for free from your lender or any HUD certified housing counselor.

Don't sign paperwork or give money to anyone except your lender.

It's been stated earlier, but many common foreclosure scams involve dealing with a third party, rather than your lender. One example is sending your mortgage payment to someone other than your lending institution. If you do this, there's a good chance your payments will never be applied to your loan. Additionally, paperwork may contain confusing or arcane language that could even lead you to sign away the deed to your house!

For More Information on Mortgage Fraud:

Federal Deposit Insurance Corporation www.fdic.gov
Federal Trade Commission www.ftc.gov

ACT QUICKLY if you think you're already a victim.

If you believe you may have fallen victim to a scammer, immediately contact the Federal Trade Commission at

www.ftccomplaintassistant.gov

or **1-877-FTC-HELP (382-4357)**

but beware if someone initiates contact via telephone or e-mail and alleges he or she is from the FTC. This is also likely to be a scam—remember, the government will never contact you via telephone or e-mail.

YOU SHOULD ALSO CONSIDER CONTACTING YOUR STATE ATTORNEY GENERAL—FOR CONTACT INFORMATION, VISIT WWW.NAAG.ORG/ATTORNEYS_GENERAL

