Protect Yourself

Know with whom you are dealing. Before you hand over any money or provide any personal information, check out the company or person. You can check your local Better Business Bureau or state consumer protection office to see if the company or organization is legitimate and if any complaints have been filed.

Contact reputable non-profit housing or financial counselors, such as those you can find by contacting the:

- U.S. Department of Housing and Urban Development (HUD) at (800) 569-4287 or www.hud.gov/offices/hsg/sfh/hcc/hccprof14.cfm
- Homeownership Preservation Foundation at (888) 995-HOPE or www.995hope.org.

Know what you are signing. Read and understand every document you sign. If a document is too complex, seek advice from a lawyer or trusted financial counselor. Never sign documents with blank spaces that can be filled in later. Never sign a document that contains errors or false statements, even if someone promises to correct them later.

Get promises in writing. Oral promises and agreements relating to your home are usually not legally binding. Protect your rights with a written document or contract signed by the person making the promise. Keep copies of all documents you sign.

Make your mortgage payments directly to your lender or the mortgage servicer. Do not trust anyone else to make mortgage payments for you.

Never sign over your deed until you clearly understand what will happen to your rights to your home. Foreclosure scams often require you to “temporarily” sign over ownership of your home to another claiming it would be only as a means to help you. Consult with a HUD-approved homeowner counseling agency.

Report suspicious activity to the Federal Trade Commission, your State Attorney General’s Office or your state and local consumer protection agencies. Reporting con artists and suspicious schemes helps prevent others from becoming victims.
the property changes hands numerous times. The scammer may have taken a new mortgage out on your home for hundreds of thousands of dollars more than your mortgage, making it impossible for you to buy back your home.

Partial Interest Bankruptcy Scams – The scam operator asks you to give a partial interest in your home to one or more persons. You then make mortgage payments to the scam operator in lieu of paying the delinquent mortgage. However, the scam operator does not pay the existing mortgage or seek new financing. Each holder of a partial interest then files bankruptcy, one after another, without your knowledge. The bankruptcy court will issue a “stay” order each time to stop foreclosure temporarily. However, the stay does not excuse you from making payments or from repaying the full amount of your loan. This complicates and delays foreclosure, while allowing the scam operator to maintain a stream of income by collecting payments from you, the victim. Bankruptcy laws provide important protections to consumers. This scam can only temporarily delay foreclosure, and may keep you from using bankruptcy laws legitimately to address your financial problems.

Refinancing Scams – While there are legitimate refinancing programs available, look out for people posing as mortgage brokers or lenders offering to refinance your loan so you can afford the payments. The scammer presents you with “refinance rescue” loan documents to sign. You are told that the documents are for a refinance loan that will bring the mortgage current. What you don’t realize is that you are surrendering ownership of your home. The “loan” documents are actually deed transfer documents, and the scammer counts on your not actually reading the paperwork. Once the deed transfer is executed, you believe your home has been rescued from foreclosure for months or even years until you receive an eviction notice and discover you no longer own your home. At that point, it is often too late to do anything about the deed transfer.

Internet and Phone Scams – Some scam lenders convince you to apply for a low-interest mortgage loan on the phone or Internet. They then extract vital information, such as your social security and bank account numbers. In this scam, the loan is immediately accepted, after which you start faxing the documents and sending wire transfer payments to the phony company without even meeting the lender. Unfortunately, this scam will put you in twice as much trouble—your personal details have been stolen or sold, putting you at risk of identity theft, and your home is still at risk of foreclosure.

Phantom Help Scams – The scam operator presents himself as someone who is able to counsel or help a homeowner out of foreclosure. In exchange for his or her “services,” outrageous fees are charged and grand promises are made for robust representation, which never occurs. The “services” performed entail light paperwork or occasional phone calls that you could easily have made yourself. In the end, you are worse off than before, because you have little or no time to save your home, or seek other assistance.

Caught in a Foreclosure Scam?

If you get caught in one of these scams, it is imperative that you contact a lawyer right away. An attorney can assist you as you navigate your way through the process. Lower income individuals may be able to find free legal services; see http://www.findlegalhelp.org.

If you believe that you are the victim of criminal activity, such as forged documents being presented for your signature, you should contact your local law enforcement agency.