

## Beware of Foreclosure Scams

Some of the most common loan modification scams include:

### **Phony Counseling or Foreclosure Rescue Scams**

The scam artist poses as a counselor and tells you he can negotiate a deal with your lender to modify your loan or save your house—if you pay him a fee first. The fee may be called a processing fee or administrative fee. He may even tell you not to contact your lender, lawyer or housing counselor—that he'll handle all details. He may even insist that you make all mortgage payments directly to him while he negotiates with the lender. Once you pay the fee, or a few mortgage payments, the scammer disappears with your money.

### **Fake "Government" Modification Programs**

Some scammers may claim to be affiliated with, or approved by, the government, or they may ask you to pay high, up-front fees to "qualify" for government mortgage modification programs.

*Contact your lender or SC HELP first!* Your lender will be able to tell you if you qualify for any government programs to prevent foreclosure or modify your loans. Remember, you do NOT have to pay to benefit from these programs.

### **Bait-and-Switch**

The scam artist convinces you to sign documents for a "new loan modification" that will make your existing mortgage current. This is a trick. You actually just signed documents that surrender the title or deed of your house to the scam artist in exchange for a "rescue" loan. Thoroughly read any document before you sign it.

### **Rent-to-Own or Leaseback Scheme**

A scammer urges you to surrender the title or deed of your home as part of a deal that will let you stay in your home as a renter and then buy it back in a few years. He may tell you that surrendering the title will permit a borrower with a better credit rating to get new financing—and keep you from losing your home. However, the scammer may have no intention of ever selling the home back to you. Worse yet, when the new borrower defaults on the loan, you're evicted.

### **Warning Signs to Look for:**

Scams aren't always easy to spot and authentic looking mail and internet sites make it worse. Here are six red flags to indicate that you may be dealing with a loan modification scammer:

- **A company/person asks for a fee in advance to work with your lender to modify, refinance or reinstate your mortgage.** They may pocket your money and do little or nothing to help you save your home from foreclosure.
- **A company/person guarantees they can stop a foreclosure or get your loan modified.** Nobody can make this guarantee to stop foreclosure or modify your loan.

Legitimate, trustworthy HUD-approved counseling agencies will only promise they will try their very best to help you.

- **A company/person advises you to stop paying your mortgage company and pay them instead.** Despite what a scammer will tell you, you should never send a mortgage payment to anyone other than your mortgage lender. The minute you have trouble making your monthly payment, contact your mortgage lender.
- **A company pressures you to sign over the deed to your home or sign paperwork that you haven't had a chance to read, and you don't fully understand.** A legitimate housing counselor would never pressure you to sign a document before you had a chance to read and understand it.
- **A company claims to offer "government-approved" or "official government" loan modifications.** They may be scam artists posing as legitimate organizations approved by, or affiliated with, the government. Contact your mortgage lender first. Your lender can tell you whether you qualify for any government programs to prevent foreclosure. And, remember, you do not have to pay to benefit from government-backed loan modification programs.
- **A company/person you don't know asks you to release personal financial information online or over the phone.** You should only give this type of information to companies that you know and trust, like your mortgage lender or a HUD-approved counseling agency.

To protect yourself from opportunity hunters and frauds:

- Contact your lender or mortgage loan servicer and try to negotiate a payment plan.
- Work with reputable non-profit housing or financial counselors.
- Report suspicious activity

The US Department of Housing and Urban Development (HUD) sponsors housing counseling agencies throughout the country to provide free or low cost advice. Search online for a South Carolina housing counseling agency near you (<http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?&webListAction=search&searchstate=SC>) or call HUD's interactive voice system at: **(800) 569-4287**.