

Beware of Foreclosure Rescue and Loan Modification Scams

Mortgage companies publish notices in public papers prior to foreclosing on properties. Information regarding bankruptcy filings and delinquent property taxes are public information. Private companies are able to compile this information and sell lists of homeowners who are struggling with mortgage payments, property taxes and other financial matters. Con artists and scam companies use these lists to target homeowners in distress.

Foreclosure rescue and refinance scams – In this scam, a person can offer to act as an intermediary between the homeowner and lender to save the home from foreclosure. The scammer may promise to secure a refinance or loan modification. Often, the scam artist asks for a fee up front that is a similar amount to the amount of the mortgage payment or they may be told that the scammer will forward your payment to the lender.

Fake Government Modification Programs – Many scam companies are making claims to be affiliated with or approved by the government. Some scam companies are also requesting homeowners to pay a fee to qualify for government mortgage modification programs. The scam artist's name, website or phone number may be similar to those of government agencies. A scam company may advertise their services as government-approved or official government loan modification.

Leaseback/Rent-to-Buy Schemes – In this scam, the scam artist has the homeowner transfer the title of the home to the scammer. The scam artist promises to obtain better financing for the home, which the homeowner can eventually buy back. The scam artist may also promise to allow the homeowner to stay in the home as a renter. In this scam, the homeowner loses title to the home, while still possessing the mortgage debt.

Bankruptcy – Scam companies may promise to stop foreclosure on the homeowner by filing bankruptcy. While homeowners do receive an initial stay that stops the foreclosure, eventually, the homeowner is required to begin paying the mortgage or the lender can continue foreclosure proceedings. This will depend on what form of bankruptcy you file - please contact a reputable bankruptcy attorney to discuss your options fully.

Credit Improvement – Scam companies may offer to improve homeowner's credit score or erase bad debt off their credit report. These claims are entirely untrue. Only time or a formal, free dispute process can remove items off of credit reports.

Remember

- Never pay someone to assist with a loan modification.
- Government modification program do not require homeowner to pay a fee to qualify.
- Do not trust companies just because they sound government related.
- Always send your mortgage payment directly to your lender.
- Always stay in contact with your lender.
- Contact your lender directly and ask to work with the loss mitigation department.
- You can always contact a certified housing counselor to receive free housing counseling. To contact a nonprofit housing counselor in Washtenaw County call 211



Washtenaw County Housing Partners
For an appointment, please call 734-222-9595

Beware of Foreclosure Rescue and Loan Modification Scams

If you have been solicited by a scam company or participated with a company you feel was possibly illegal or otherwise unsavory below is a list of agencies that you may contact to report the company.

Better Business Bureau (BBB) – BBB goal is to successfully resolve complaints involving buyers and sellers in a fair and timely fashion. This includes complaints involving consumer-to-business that involve the advertisement and/or sale of a product or service.

Phone: (248)644-9100

Website: <http://www.bbb.org/us/Consumer-Complaints/>

Website: <http://easternmichigan.bbb.org/>

Federal Deposit Insurance Company (FDIC) – The FDIC directly examines and supervises about 5,2650 banks and saving banks, more than half of the institutions in the banking system. The FDIC's Consumer Response Center is responsible for investigating all types of consumer complaints about FDIC supervised institutions and responding to consumer inquires about consumer laws and regulations and banking practices.

Phone: (877) 275-3342

Email: consumeralerts@fdic.gov

Website: <https://www2.fdic.gov/starsmail/index.asp>

Federal Trade Commission (FTC) – The Federal Trade Commission is the nation's consumer protection agency. The FTC collects complaints about companies, business practices, and identify theft. Consumer complaints assist in detecting patterns of wrong-doing and lead to investigations and prosecutions.

Phone: (877) 382-4537

Website: www.ftccomplaintassistant.gov

Website: https://www.ftccomplaintassistant.gov/FTC_Wizard.aspx?Lang=en

Michigan Attorney General (AG) - The Consumer Protection Division of the AG's office assist consumer by mediating complaints.

Phone: 877-765-8388

Website: <https://secure1.state.mi.us/complaints/consumer.aspx>

Website: <http://www.michigan.gov/ag>

Michigan Office of Financial and Insurance Regulation (OFIR) – OFIR regulates state chartered banks, mortgage brokers, loan officers, credit unions etc. OFIR attempts to resolve consumer disputes. OFIR encourages homeowners who believe they have uncovered a foreclosure scam to contact them.

Phone: (877) 999-6442

Website: <http://www.michigan.gov/OFIR>



Washtenaw County Housing Partners
For an appointment, please call 734-222-9595