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Foreclosure Rescue Scams**Foreclosure Rescue Scams
Part One**

The old English proverb says that “a man’s home is his castle,” but with the ongoing housing market meltdown that has spawned a record number of foreclosures, many homeowners understandably feel that their castle is under siege -- from banks, mortgage lenders, and “foreclosure rescue experts.”

In reality, many of these “experts” are scam artists, employing all forms of artifice and fraud to deceive homeowners. Their goal is to take your money, and if possible your home. Once you lose your house by this kind of deception, there’s no greater blow to your identity. It’s a huge loss that might be impossible to overcome.

The “foreclosure rescue” problem is rampant. According to the Federal Trade Commission’s website section on Foreclosure Rescue Scams, “Fraudulent foreclosure ‘rescue’ professionals use half-truths and outright lies to sell services that promise relief and then fail to deliver. Their goal is to make a quick profit through fees or mortgage payments they collect from you, but do not pass on to the lender. Sometimes, they assume ownership of your property by deceiving you, the homeowner. Then, when it’s too late to save your home, they take the property or siphon off the equity. You’ve lost your home to foreclosure despite your best intentions.”

The scams are successful, in part, because the foreclosure rescue firms target homeowners who are under a great deal of financial stress and emotional anxiety about losing their home-- and the equity they have sunk into it. These firms look for public foreclosure notices in newspapers and through public files at local government offices, and then mail personalized letters to homeowners. These letters will contain eye-rolling verbiage such as: “We have special relationships within many banks that can speed up case approvals!”, “We Can Save Your Home. Guaranteed. Free Consultation!”, and “We stop foreclosures everyday. Our team of professionals can stop yours this week!”

But do they really have a special relationship with your bank or mortgage lender? Can they protect your home? The answer is “No!”

Once the firm has your attention, it usually tells you that it can negotiate a deal with your lender to save your house only if you first pay an upfront fee. That’s red flag number one. Once you pay the fee, the scam artist might take off with your money. And you’ll never hear from the firm again.

The second red flag is that you may be told not to contact your lender, lawyer, or credit counselor, and to allow the firm to handle all the details. And even more likely, it will insist that you make all mortgage payments directly to the firm as it negotiates with the lender. In this instance, it may collect a few months of payments before disappearing for good. And you will be worse off than before.

The situation can grow even worse if aren’t careful. You might think you’re signing documents with the rescue firm for a new loan to make your existing mortgage current. But in actuality, you’ve signed documents that surrender the title of your house to a fraudulent third-party in exchange for an “emergency” loan that will simply never materialize.

Then there’s the “rent-to-buy rip-off” scheme. You’re told to surrender the title as part of a deal that allows you to remain in your home as a renter, and to buy it back during the next few years. But the rent could be raised or the terms of the new mortgage could be so heavy that buying back your home becomes impossible. You thus lose the home and all its remaining equity.

Sometimes, the no-good firm offers to find a buyer for your home, but only if you sign over the deed and move out. It promises to pay you a portion of the profit when the home sells. But once you transfer the deed, the firm simply rents out the home to another party and pockets the proceeds while your lender proceeds with the foreclosure. In the end, you lose your home since you’re still responsible for the unpaid mortgage. Why is that so? Because transferring the deed does nothing to transfer your mortgage obligation.

“The majority of these so-called foreclosure ‘rescuers’ are actually sleazy predators,” Harvard Law School professor and bankruptcy expert Elizabeth Warren told Bankrate.com. She calls what they offer “the cement life jacket.”

It’s no surprise that the increase in foreclosures has been accompanied by an accompanying increase in mortgage scams. Mortgage fraud is at an all-time high -- up 26 percent in 2008, according to a recent report by the Mortgage Asset Research Institute.

Steve Tripoli, a former consumer fraud investigator for the National Consumer Law Center in Boston, found that foreclosure rescuers charge outrageous fees for light-duty phone calls or paperwork that the homeowner could easily do, none of which results in saving the home. This predatory scam gives homeowners a false sense of hope and prevents them from seeking legitimate qualified help. In the bailout and bait-and-switch scenarios, homeowners are falsely led to believe that they won’t lose their home.

In conclusion, whenever you see or hear these two words-- “foreclosure rescue”--what is being offered is *not* what you will get.

In Part Two of Foreclosure Rescue Scams, we will tell you what to do if you have been victimized through fraud; safe and alternative ways to protect your home; and what the government is now doing to halt these scams.

**If you think you are a victim of
identity theft, please contact
Identity Fraud, Inc. at:**

**1-866-4-IDFRAUD
(1-866-443-3728)**