

ISSUE #30 – 4th Quarter 2009

**Foreclosure Rescue Scams –  
Getting Help****Foreclosure Rescue Scams  
Part Two**

Given the widespread existence of predatory foreclosure rescue and loan modification scams, the U.S. government has decided to crackdown on these unsavory practices. A week after Labor Day, federal and state representatives met in Washington to discuss ways to implement measures to prohibit these firms from fraudulently preying on homeowners. At the same time, the Federal Trade Commission (FTC) announced that it had filed charges against two companies alleged to have defrauded homeowners through such schemes.

Treasury Secretary Tim Geithner said to the media, "A clear lesson of this financial crisis is that American consumers need better protection against fraud. And while we will prosecute anyone who violated the law, going forward we will not wait for problems to peak before we respond."

According to Federal Trade Commission Chairman Jon Leibowitz, one of the first measures his agency is considering is how to create stricter rules to cover all aspects of the 'mortgage life cycle,' ranging from fees and advertising to appraisals and servicing. Under review, he said, was a federal ban on upfront fees for mortgage modifications services. Several states already have banned such fees. These large upfront fees do little or nothing to assist homeowners in saving their homes from foreclosure.

**Getting Legitimate Help**

Instead, the FTC recommends that homeowners facing foreclosure should work only with a nonprofit, HUD-approved counselor. Visit HUD's website for a list of HUD-approved housing counseling agencies, or call 877-HUD-1515 (877-483-1515) for more information. Most HUD-approved housing counselors provide no-cost counseling services and many more provide low-cost counseling.

The Federal Reserve Board has also put together a checklist of tips for avoiding foreclosure scams:

- Most HUD-approved housing counselors provide no-cost counseling services and many more provide low-cost counseling. Do not agree to work with a counselor who collects a fee before providing you with any services or who accepts payment only by cashier's check or wire transfer. In general, do not pay money to anyone unless you know exactly what services you will receive.
- A reputable counselor will not guarantee to stop the foreclosure process, no matter what your circumstances. Working with a legitimate counselor can certainly increase your chances of keeping your home—but be wary of people who promise a sure thing. Again, get the details of your transaction, along with any promises, in writing first.
- Don't let a counselor pressure you to sign paperwork you haven't had a chance to read through carefully or that you don't understand. Consult your attorney.

- For tips on spotting scam artists, visit the Federal Trade Commission's webpage on foreclosure rescue scams ([www.ftc.gov/bcp/edu/pubs/consumer/credit/cre42.shtm](http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre42.shtm)). Report suspicious schemes to your state and local consumer protection agencies, which you can find on the Federal Citizen Information Center's Consumer Action Website ([http://www.consumeraction.gov/caw\\_state\\_resources.shtml](http://www.consumeraction.gov/caw_state_resources.shtml)).

**Other Ways to Prevent Foreclosure Fraud**

You also may contact a credit counselor through the Homeownership Preservation Foundation (HPF), a nonprofit organization that operates the national 24/7 toll-free hotline (1.888.995.HOPE)

If you're having trouble paying your mortgage or you have gotten a foreclosure notice, contact your lender as soon as possible. You may be able to negotiate a new repayment schedule. Remember that lenders generally don't want to foreclose because of the high costs.

A Consumer Advisory, issued by the Office of the Comptroller of the Currency (OCC), says that when speaking with your lender or mortgage servicer, find someone in the loss mitigation department for mortgage modification options and other alternatives to foreclosure. The OCC advises that you should make all mortgage payments directly to your lender or to the mortgage servicer. "Do not trust anyone to make mortgage payments for you, and do not stop making your payments."

If your complaint or question involves a national bank and you cannot resolve it directly with the bank, contact the OCC's Customer Assistance Group by calling (800) 613-6743, by sending an e-mail to [customer.assistance@occ.treas.gov](mailto:customer.assistance@occ.treas.gov), or by visiting [www.HelpWithMyBank.gov](http://www.HelpWithMyBank.gov).

Other foreclosure prevention options, including reinstatement and forbearance, are explained in Mortgage Payments Sending You Reeling? Here's What to Do, a publication from the FTC. Find it at [www.ftc.gov](http://www.ftc.gov).

**Victim of Fraud?**

If you think you've been a victim of foreclosure fraud, contact the Federal Trade Commission, your state Attorney General, or your local Better Business Bureau

To file a complaint with the FTC or to get free information on consumer issues, visit [ftc.gov](http://ftc.gov) or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters consumer complaints into the Consumer Sentinel Network, a secure online database and investigative tool used by hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

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

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