



# Consumer Advisory

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Comptroller of the Currency  
Administrator of National Banks

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## OCC Consumer Tips for Avoiding Foreclosure Rescue Scams

Foreclosures are increasing nationwide, and so are scams that promise to “rescue” homeowners from foreclosure. What these scams do is take your money, ruin your credit record, and wipe out any equity you have in your home.

Foreclosure con artists take advantage of people who have fallen behind on their mortgages and face foreclosure. Con artists know that people in these situations are vulnerable and likely to be desperate. Potential victims are easy to find: mortgage lenders publish notices before foreclosing on homes. After reading such notices, con artists approach their targets in person, by mail, over the telephone, or by e-mail. They advertise their services on Web sites or publications. They often refer to themselves with titles that sound official, such as “foreclosure consultant” or “mortgage consultant,” and market themselves as a “foreclosure service” or “foreclosure rescue agency.”

Your mortgage lender – or any legitimate financial counselor – can help you find real options to avoid foreclosure. If someone offers to negotiate with your lender and offers to arrange to stop or delay foreclosure for a fee, carefully check his or her credentials, reputation, and experience. To protect yourself, follow the recommendations contained in this Consumer Advisory.

### WATCH OUT FOR FORECLOSURE RESCUE SCAMS

- **Lease-Back or Repurchase Scams** – Be very suspicious if someone offers to pay your mortgage and rent your home back to you. This scheme often involves signing the deed to your home over to the con artist. The con artist may promise to sell your home back to you, but this may be very difficult, if not impossible, under the terms of the contract.

Signing over the deed gives the con artist the power to evict you, raise your rent, sell the house, or steal the equity you have in your home. You will still be responsible for your mortgage, so if the con artist stops paying it, your lender would have the right to foreclose on your home, and the foreclosure and any other problems would go on your credit record.

- **Refinance Fraud** – Look out for people posing as mortgage brokers or lenders and offering to refinance your loan so you can afford the payments. Con artists may trick you into signing over the ownership of your home by saying that you are signing documents for a new loan.

Signing over the deed to your home exposes you to the dangers described above. Even if you are a victim of fraud, you could still lose your home.

- **Bankruptcy Schemes** – Several scams attempt to abuse the bankruptcy laws. For example, a con artist may ask you to give a partial interest in your home to one or more persons. Each holder of a partial interest can then file bankruptcy, one after another. 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. In another kind of scam, a con artist may offer to obtain refinancing or negotiate a payment plan with your lender. If you may make payments to the con artist, he or she may keep the money rather than pay the lender on your behalf. The con artist may even file a bankruptcy case in your name, without your knowledge, as a part of the scam.

Bankruptcy laws provide important protections to consumers. Scams can only temporarily delay foreclosure, and they may keep you from using bankruptcy laws legitimately to address your financial problems. Signing over ownership of your home, or even partial ownership, can result in serious financial harm.

## HOW TO PROTECT YOURSELF FROM SCAMS

- **Know what you are signing.** Read and understand every document you sign. If a document is too complex, seek advice from a lawyer or an approved, 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 contracts 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.
- **Be very careful about signing over your deed.** Foreclosure scams often require you to sign over ownership of your home to a con artist or another third party. Never sign over your deed without getting the advice of your own lawyer, financial advisor, or other independent person that you know you can trust. Understand the terms of the deal you are making. By signing over your deed, you lose your rights to your home and any equity built up in the home.
- **Report suspicious activity to the Federal Trade Commission and to your state and local consumer protection agencies.** Reporting con artists and suspicious schemes helps prevent others from becoming victims.

## HOW TO FIND LEGITIMATE HELP FOR YOUR FINANCIAL PROBLEMS

- **Contact your mortgage lender or mortgage servicer as soon as you think you are unable to make your mortgage payment.** Lenders are often in the best position to help, especially if you are current on your loan or not seriously late on your payments. Your mortgage lender or mortgage servicer may be able to identify options to help you bring the loan current or to modify your loan.
- **Contact a legitimate housing or financial counselor to help you work through your financial problems. To find one:**
  - Call (800) 569-4287, or visit [www.hud.gov/offices/hsg/sfh/hcc/hccprof14.cfm](http://www.hud.gov/offices/hsg/sfh/hcc/hccprof14.cfm) to find counselors approved by the U.S. Department of Housing and Urban Development (HUD).

- Call the Homeownership Preservation Foundation at (888) 995-HOPE, or visit [www.995hope.org](http://www.995hope.org), to reach a nonprofit, HUD-approved counselor through HOPE NOW, a cooperative effort of mortgage counselors and lenders to assist homeowners.
- **Visit the following Web sites for information:**
  - NeighborWorks America, [www.nw.org/network/home.asp](http://www.nw.org/network/home.asp).
  - Federal Trade Commission, [www.ftc.gov/bcp/edu/pubs/consumer/homes/rea04.shtm](http://www.ftc.gov/bcp/edu/pubs/consumer/homes/rea04.shtm).

Finally, if you have a complaint or question involving a national bank and cannot resolve it directly with the bank, contact the OCC's Customer Assistance Group by calling (800) 613-6743, by e-mailing [customer.assistance@occ.treas.gov](mailto:customer.assistance@occ.treas.gov), or by visiting [www.HelpWithMyBank.gov](http://www.HelpWithMyBank.gov).