

HINTS FOR HOMEOWNERS

How To Recognize A Foreclosure Rescue Scam

(NAPS)—The recent mortgage crisis has left the door open for fraudulent foreclosure “rescue” professionals who use half-truths and outright lies to sell services that promise relief and then fail to deliver.

If you think you may be facing foreclosure or know someone who is, the Federal Trade Commission (FTC), the nation’s consumer protection agency, wants you to know how to recognize a foreclosure rescue scam and what your options are to help you save your home.

How The Scams Work

Foreclosure rescue firms use a variety of tactics to find homeowners in distress. They use simple and straightforward messages, such as “Stop Foreclosure Now!” or “We guarantee to stop your foreclosure.”

Once they have your attention, they use a variety of tactics to get your money.

• **Phony Counseling or Phantom Help**—The scam artist tells you that he can negotiate a deal with your lender to save your house if you pay a fee first. You may be told not to contact your lender, lawyer or credit counselor, and to let the “negotiator” handle the details. Once you pay the fee, the phony takes off with your money.

• **Bait and Switch**—You think you’re signing documents for a new loan to make your existing mortgage current. This could be a trick: You could be signing documents that surrender the title of your house to a scam artist in exchange for a “rescue” loan.

• **Rent-to-Buy 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 buy it back during the next few years. You may be told that surrendering the title will permit a borrower



If you’re looking for foreclosure prevention help, avoid any business that guarantees to stop the foreclosure process.

with a better credit rating to secure new financing—and prevent the loss of the home. But the terms of these deals are usually so burdensome that buying back your home becomes impossible. You lose your home and the fraudster walks off with all or most of your home’s equity. Worse yet, when the new borrower defaults on the loan, you’re evicted.

• **Bankruptcy Foreclosure**—A smooth talker may promise to negotiate with your lender or to get refinancing on your behalf if you pay a fee up front. Instead of contacting your lender or refinancing your loan, though, this scam artist pockets the fee and files a bankruptcy case in your name—sometimes without your knowledge.

Finding Legitimate Help

If you’re having trouble paying your mortgage or you’ve already gotten a foreclosure notice, contact your lender immediately. You may be able to negotiate a new repayment schedule. 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.

Did You Know?

The recent mortgage crisis has left the door open for fraudulent foreclosure “rescue” professionals who use half-truths and outright lies to sell services that promise relief and then fail to deliver. To learn how to avoid these scams, visit the Federal Trade Commission Web site at www.ftc.gov.

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