

What are some of the most common scams?

- *The Bait and Switch:* The homeowner is purposely deceived and therefore does not understand that he is selling the house in exchange for a "rescue." Many believe they are signing documents for a new loan or other financial arrangement that would allow them to retain ownership by paying off mortgage payments that are past due.
- *The False Intermediary:* The "rescuer" charges an upfront fee or very high fees to "save" the house by negotiating with the lender or promising to quickly find a buyer for the house. The scammer usually seals the homeowner off from legitimate help or legal relief by telling the owner that he should not talk to the lender, seek out credit counseling or legal advice. Once the fees are paid, he vanishes with a quick and easy profit.
- *The Bogus Rent-to-Buy Scheme:* The homeowner surrenders ownership of the house thinking he will be able to pay rent and then buy it back over a few years. The terms of the buy-back deal are usually stacked against the homeowner, with the resale price well above market value. Sometimes, the scam artist hikes rental fees very significantly over time. Once the former homeowner misses rent payments, the family is evicted, leaving the "rescuer" free to sell the house.

How can you know if a company is legitimate?

Legitimate companies will sit down with a homeowner and collect documentation. Their representatives will explain the offer and the process in as much detail as you need to make an informed decision. All promises and agreements will be in writing. Their representatives will not object to your desire to consult a lawyer, credit or housing counselor, family member, friend or other expert resource.

Most legitimate companies will not solicit your business through high-pressure direct marketing, nor will they make promises up front to save your home, offer immediate cash or save your credit rating. Before you sign any contracts, you should contact your lender, a credit or housing counselor, or a lawyer.

What are the red flags to keep in mind?

Homeowners should proceed with extreme caution if an individual or company:

- Calls itself a "mortgage consultant" or "foreclosure service."
- Contacts people whose homes are listed for foreclosure, including anyone who uses flyers or solicits for business door-to-door, by phone, or email.
- Encourages you to lease your home so you can buy it back over time.
- Collects a fee before providing any services to you.
- Instructs you to cease all contact with your lender, credit or housing counselors, lawyer or other legitimate experts.
- Tells you to make your mortgage payments directly to him or his company (not the lender).
- Requires that you transfer your property deed or title to him or his company.
- Makes a promise that seems too good to be true, for example, instant cash with "no strings attached".
- Tells you that as part of the deal you will need to move out of your house for some period of time for remodeling or other reasons.
- Offers to buy your house for cash at a fixed price that is not set by the housing market at the time of sale.

What should a homeowner NEVER DO?

- Don't be pressured to sign a contract. Take your time to review all documents thoroughly, preferably with a lawyer who is representing your interests only.
- Don't send or give your mortgage payments to someone other than your lender, even if he promises to make the payments for you.
- Don't sign away ownership of your house to anyone without advice from a credit or housing counselor or lawyer.
- Don't rely on verbal agreements - they mean nothing. Get all promises in writing and keep copies of all documents, especially those you sign.
- Don't sign anything containing blank lines or spaces. Scammers can add information later without your knowledge or approval.
- If you do not speak English, use your own translator. Don't depend on someone who is provided by the "rescuer."
- Don't fall for promises that are often used to lure homeowners into scams. For example: Claims to save your credit rating; Promises of instant cash; Guarantees that a buyer will be found within a certain number of days; Help in filing for bankruptcy to "stop the foreclosure"; and Offers of free rent or gifts.

Helpful Links (From: www.ForeclosureInfoCA.org)

The State Bar of California and Public Interest Clearinghouse have teamed up to create a Web site for consumers that offers mortgage foreclosure information, such as how to avoid losing a home and where to go to for assistance when foreclosure is a possibility, as well as general information on mortgages and loans.

Government websites

- **Federal Reserve Consumer Help Website -- Home Mortgages Section** —
<http://www.federalreserveconsumerhelp.gov/index.cfm?nav=9493>
This website has links to their consumer publications about home mortgages, and also contains information about filing complaints against banks and financial institutions.
- **State of California Consumer Home Mortgage Information Page** —
<http://www.yourhome.ca.gov/>
Here you will find helpful information and links if you are considering buying home, or if you already own a home, or have a mortgage and may be experiencing difficulty in keeping your payments current.
- **US Department of Housing and Urban Development in California** —
<http://www.hud.gov/local/index.cfm?state=ca>
Owning a home is a big part of the American Dream. Here are some resources that can help you buy, maintain, and keep your home.
- **U.S. Department of Justice U.S Trustee Program's list of warning signs** at
www.usdoj.gov/ust/eo/public_affairs/factsheet/docs/fs06.htm
- **Better Business Bureau - www.bbb.org.**
This website allows you to search and check any company that contacts you.

Other

- **Consumer [Bankruptcy Counseling](http://www.consumerbankruptcy counseling.info/)** —
<http://www.consumerbankruptcy counseling.info/>
Under federal law, you are required to obtain [credit](#) counseling from a qualified non-profit agency before filing for bankruptcy. This website will allow you to complete the counseling requirement online, and receive your certificate of completion at no charge. Note--you must be a resident of these counties: Alameda, Contra Costa, Del Norte, Humboldt, Lake, Marin, Mendocino, Monterey, Napa, San Benito, San Francisco, San Mateo, Santa Clara, Santa Cruz, Sonoma
- **Foreclosure help hotline** — <http://www.foreclosurehelpandhope.org/>
888-995-HOPE is available 24 hours a day, 7 days a week to any homeowner in America having trouble paying their mortgage and offers absolutely free foreclosure prevention counseling by expert counselors at HUD-approved agencies
- **Homeowner Crisis Resource Center** — <http://www.housinghelpnow.org/>
Includes, a mortgage reality check, consumer alerts about foreclosure rescue scams, and more.