

OCC OFFERS TIPS TO AVOID MORTGAGE MODIFICATION AND FORECLOSURE AVOIDANCE SCAMS

The Office of the Comptroller of the Currency (OCC) has issued a consumer advisory to help homeowners avoid scams that claim to help them save their homes, but can cause them to lose their homes *and* their money.

Con artists prey on homeowners who are falling behind on their loans in many ways. For instance, they may tell consumers to stop paying their mortgages while the con artist works out a modification agreement with the lender and they may require payment of large up-front fees for their “services.” In reality, the scammer pockets the money and never provides the promised services. In some schemes, homeowners have been conned into transferring title to their homes. They may be told that they will be able to lease back or buy back their homes, but the terms of the rent-to-buy agreements are so burdensome that the homeowners are unable to repurchase their homes. Recently, scam artists have also tried to take advantage of the federal government’s mortgage modification and foreclosure avoidance programs by claiming to be connected with, or approved by, the government in some way.

Following are warning signs of a mortgage modification scam:

- “Pay us \$1,000, and we’ll save your home.”
- “I guarantee I will save your home – trust me.”
- “Sign over your home, and we’ll let you stay in it.”
- “Stop paying your mortgage.”
- “If your lender calls, don’t talk to them.”
- “Your lender never had the legal authority to make a loan.”
- “Just sign this now; we’ll fill in the blanks later.”
- “Why haven’t you replied to our offer? Do you want to live on the streets?”

Always proceed with caution when dealing with anyone offering to help you modify your mortgage or avoid foreclosure. Remember that you do not need a third party to work with your lender — any such party should make the process easier, not harder and more expensive.

- **Contact your lender or mortgage servicer first.** Speak with someone in the loss mitigation department for mortgage modification options and other alternatives to foreclosure.
- **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.
- **Avoid paying up-front fees.** While some legitimate housing counselors will charge small fees for their services, do not pay fees to anyone before receiving any services. Make sure you are dealing with a legitimate organization.
- **Know what you are signing.** Read and understand every document you sign. Do not rely on an oral explanation of a document you are signing — make sure that you read and understand what the document actually says. Otherwise, a document may obligate you to terms you don’t want or may even convey ownership of your home to someone else. 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. If a document is too complex to understand, seek advice from a lawyer you trust or a legitimate, trusted financial counselor.
- **Do not sign over your deed without consulting a lawyer you select.** Foreclosure scams often involve transfer of ownership of your home to a con artist or another third party. Never agree to this without getting the advice of your own lawyer, financial advisor, credit counselor, or other independent person you know you can trust. By signing over

- your deed, you lose the rights to your home and any equity built up in the home — and you are still obligated to pay the mortgage.
- **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 that you sign. Again, never sign anything you don't understand.
 - **Report suspicious activity to relevant federal agencies, such as the Federal Trade Commission, and to your state and local consumer protection agencies.**
 - **Contact a legitimate housing or financial counselor to help you work through your problems.** To find a counselor, contact the U.S. Department of Housing and Urban Development (HUD) at (800) 569-4287 or (877) 483-1515, or go to www.hud.gov/offices/hsg/sfh/hcc/hccprof14.cfm. Call (888) 995-HOPE, the Homeowner's HOPE Hotline to reach a nonprofit, HUD-approved counselor through HOPE NOW, a cooperative effort of mortgage counselors and lenders to assist homeowners. Visit NeighborWorks America's website at www.nw.org/network/home.asp.

For additional information, please consult the following OCC Consumer Tips for Avoiding Mortgage Modification Scams and Foreclosure Rescue Scams (<http://www.occ.gov/ftp/ADVISORY/2009-1.html>) and (<http://www.occ.gov/ftp/ADVISORY/2009-1.pdf>).