

FEDERAL RESERVE BOARD PROVIDES FIVE FORECLOSURE AVOIDANCE TIPS

The Federal Reserve Board has issued five tips to help consumers avoid foreclosure:

Don't ignore your mortgage problem: if you are unable to pay--or haven't paid--your mortgage, contact your lender or the company that collects your mortgage payment as soon as possible. Mortgage lenders want to work with you to resolve the problem, and you may have more options if you contact them early. If your lender won't talk with you, contact a housing counseling agency. You can find a list of counseling resources at NeighborWorks, www.nw.org, and on the U.S. Department of Housing and Urban Development's (HUD) website, at <http://www.hud.gov/>, or by calling (800) 569-4287. Be sure and do your homework before you talk to your lender or housing counselor – find your original mortgage loan documents and review them. Review your income and your budget. Know your options, stick to your plan and beware of foreclosure rescue scams. Con artists take advantage of people who have fallen behind on their mortgage payments and who face foreclosure. For tips on spotting scam artists, visit the Federal Trade Commission's (FTC) website, at www.ftc.gov.

Don't pay an arm and a leg: you should *not* have to pay hundreds--or thousands--of dollars. 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.

Be wary of "guarantees:" 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.

Know what you are signing--and be sure *you* sign it: 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. Don't sign any blank forms or let "the counselor" fill out forms for you. Be sure to talk with an attorney before signing anything that transfers the title of your home to another party.

If it sounds too good to be true, it probably is: if you feel you may be the target or victim of foreclosure fraud, trust your instincts and seek help. For tips on spotting scam artists, visit the FTC's webpage on foreclosure rescue scams, at www.ftc.gov. Be sure and 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, at http://www.consumeraction.gov/caw_state_resources.shtml.