



DEPARTMENT OF JUSTICE
CIVIL ENFORCEMENT DIVISION

AVOID FORECLOSURE AND LOAN MOD SCAMS: CONSUMER TIPS

Are you looking for a loan mod? Are you in or near foreclosure? Anyone can find out when a foreclosure occurs. Con artists target people having trouble paying their mortgages with false offers to help.

AVOID any company that:

- **Charges an upfront fee.** It is against the law for anyone to charge more than \$50 in advance for a loan modification, unless they are an *Oregon-licensed* lawyer or real estate professional.
- **Guarantees a loan modification or to stop a foreclosure.** No loan modification or foreclosure prevention strategy is guaranteed. Banks do not have to modify any loan, and once foreclosure starts it is difficult to stop. Also, don't believe anyone claiming they can stop foreclosure because of "robo-signing" or MERS (Mortgage Electronic Registration System) problems, or because the bank can't produce the note.
- **Offers to eliminate or reduce your mortgage.** No one can simply "erase" your debt, no matter what the bank did wrong. While your bank might reduce your monthly payments, principal reduction is very rare.
- **Asks you to sign your title over.** Scammers will offer to purchase or hold your home in trust, and let you buy it back when your finances improve. These leaseback or buyback schemes never work. Don't ever sign over or quit-claim the title to your house, or otherwise convey your property to another.
- **Redirects your mortgage payment.** There's little reason to give your mortgage payment to someone who promises to pass it on to the bank. You may lose your money or home. Anyone providing this type of service legitimately must be registered. Check first: www.dfcs.oregon.gov/debt_mgmt/faq_consumers.html.
- **Offers a "Forensic Loan Audit" or "Forensic Loan Analysis."** Companies offer these or similar services to find mistakes in your loan documents or determine your broker or bank's compliance with state and federal laws. These services are a complete waste of money. The companies may also ask for additional money to fix any problems found.

PROTECT yourself:

- **Communicate with your bank.** Open your mail, especially from your bank. If you get a foreclosure notice, or have trouble making your payments, contact your bank immediately and ask about loan modification options and alternatives to foreclosure. Make sure you read and understand every document you sign.
- **Get Help.** Work only with a HUD-Approved Housing Counselor. To find one, go to the Oregon link at www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm. For legal assistance, contact the Oregon State Bar's Lawyer Referral Service at 800-452-7636 or www.osbar.org/public/ris/ris.html.
- **Report foreclosure scams to the Oregon Attorney General.** Call 1-877-877-9392 or file a complaint online at www.doj.state.or.us/finfraud/engexplanation.shtml.