

## Homeowners and Tenants Beware of Foreclosure Scams

With the recent rise in foreclosures, we have a greater proportion of homeowners who are not taking the necessary steps to explore their options regarding how best to handle their troubled mortgage and financial situation. Furthermore, foreclosure-related scams have exploded onto the real estate scene making it more difficult for those attempting to make sense out of situation that seems fraught with pitfalls. These so-called foreclosure rescue companies claim they will help save your home, but in reality are out to make a profit—at your expense.

For those at risk of foreclosure or for those who have already received a foreclosure notice or notice of default, you should contact your lender immediately. Too many avoid this step or don't keep the lines of communication open and then find out they have been foreclosed on without knowing it (especially if they ignore or don't understand the notices sent to them from the bank).

Even more frustrating for some homeowners who have been working toward a loan modification solution with their lender or have a lender-accepted short sale is when they discover that their bank's foreclosure department has foreclosed on their home without communicating with the other departments within their own company. According to Shannon B. Jones with Shannon B. Jones Law Group in Danville, California, an attorney may be able to prevent that scenario from occurring

Homeowners facing foreclosure should seek legal and tax advice especially if considering a short sale (a transaction in which the seller's mortgage lender agrees to accept a payoff of less than the balance due on the loan). Jones said the cost for an attorney to review a homeowner's loan and financial documents and to render an opinion is somewhere between \$1,000 and \$1,500.

If you are at risk of or in foreclosure, you should be on the lookout for foreclosure scams. Here are some of the red flags to watch out for.

- Asks for money upfront before providing any service.
- Instructs you not to contact your lender, lawyer, housing counselor, family, friends, or others.
- Asks for mortgage payments to be made directly to his or her company or a bank account set up by that person, rather than your lender.
- Requires payment only in the form of cash, cashier's check, or wire transfer.
- Promises to stop the foreclosure process, no matter the circumstances.
- Advises you to transfer your property deed or title to his or her company.
- Offers to fill out paperwork for you.

- Asks for something to be done immediately and without delay. This includes pressuring you into signing paperwork that you have not had the chance to read thoroughly or do not fully understand.
- Encourages you to lease your house and buy it back over time.
- Offers to buy your house for a fixed price that is not set by the housing market at the time of sale.
- Asks for you to give a power of attorney.
- Asks for signatures on a grant deed or deed of trust.
- Asks for signatures on a document that has lines left blank.
- Fails to provide copies of signed documents.
- Refuses or fails to put an oral promise in writing.

If you have been a victim of a foreclosure-related scam or approached by a scam artist, you may report the incident to the following organizations and government enforcement agencies.

- California Attorney General: <http://ag.ca.gov>
- California Department of Real Estate: [www.dre.ca.gov](http://www.dre.ca.gov)
- Department of Housing and Urban Development (HUD): [www.hud.gov](http://www.hud.gov)
- Federal Trade Commission (FTC): [www.ftc.gov](http://www.ftc.gov)
- Your local Better Business Bureau: [www.bbb.org](http://www.bbb.org)

Homeowners may also seek the advice of a reputable housing, financial or credit counselor, attorney, or other qualified professional. Homeowners may visit the U.S. Department of Housing and Urban Development (HUD) website at [www.hud.gov](http://www.hud.gov) to view its Guide to Avoiding Foreclosure and its list of California HUD-approved housing counseling agencies. In addition, the non-profit Homeownership Preservation Foundation has a 24/7, toll-free Homeowner's HOPE Hotline at (999) 995-HOPE.

Jones said there are also non-profit groups that can assist homeowners. One site you might find helpful that I was able to locate is [www.LawHelpCalifornia.org](http://www.LawHelpCalifornia.org). I found this site after visiting the Madera County website ([www.Madera-County.com](http://www.Madera-County.com)) and being redirected to [www.CourtInfo.ca.gov](http://www.CourtInfo.ca.gov). I recently referred a local individual to this site who contacted the Housing and Economic Rights Advocates (HERA), which is one of the civil legal aid groups found on [www.LawHelpCalifornia.com](http://www.LawHelpCalifornia.com). HERA is a California statewide, not-for-profit legal service and advocacy organization. However, one of their qualifying indicators is that your annual income must be at or below 125% of the poverty level, which is calculated taking into account your family size. For consumer alert information on loan modification services and advance fees, visit the Department of Real Estate website at [www.dre.ca.gov/mlb adv fees.html](http://www.dre.ca.gov/mlb_adv_fees.html).

If you are a tenant in a home that has been foreclosed on, please check out the following HERA website: [www.heraca.org](http://www.heraca.org). This website explains the laws regarding tenants in buildings foreclosed on before and after May 20, 2009. Also, there are scams targeting tenants. People—who are not the new owners—are knocking on doors or sending a notice asking for rent. Regardless, ask for proof showing who the owner is for the property. Then, double-check with the county's recorder's office; a REALTOR may also be able to assist you.

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