

LOAN MODIFICATION SCAM

ALERTTM

1-888-995-HOPE(4673) www.LoanScamAlert.org



CAMPAIGN GOALS

AWARE

EDUCATE

REPORT

LOAN MODIFICATION SCAM

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WHAT IS A LOAN MODIFICATION SCAM?

Unscrupulous companies or individuals that create loan modification or foreclosure rescue companies promising that in exchange for a fee in advance, that they will work with a lender to modify a mortgage.

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POSSIBLE TITLES OF SCAM ARTISTS

Loan modification or foreclosure consultant

Foreclosure prevention specialist

Mortgage consultant

Real estate agent

Attorney

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TOP TEN SCAMMER PHRASES

1. "Pay us \$1000, and we'll save your home."
2. "I guarantee I will save your home – trust me."
3. "Sign over your home, and we'll let you stay in it."
4. "Stop paying your mortgage."
5. "If your lender calls, don't talk to them."

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TOP TEN SCAMMER PHRASES

6. "Your lender never had the legal authority to make a loan."
7. "Just sign this now; we'll fill in the blanks later."
8. "Call 1-800-Fed Loan."
9. "File for bankruptcy and keep your home."
10. "Why haven't you replied to our offer? Do you want to live on the streets?"

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SIGNS OF A LOAN MODIFICATION SCAM

- Asks for a fee in advance
- Guarantees they will stop a foreclosure or get a loan modification
- Asks homeowners to stop paying the mortgage lender and pay the company or person instead

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SIGNS OF A LOAN MODIFICATION SCAM

- Pressures homeowners to sign paperwork they haven't read or don't understand
- Claims to offer "official government" or "government-approved" modifications
- A company the homeowner doesn't know asks for financial information over the phone or online

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DANGERS OF A LOAN MODIFICATION SCAM

Homeowners in your community may lose
thousands of dollars - and their home.



Neighborhood homes lose their value.



Community becomes unkempt.



Crime may increase.

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COMMON LOAN MODIFICATION SCAMS

- Foreclosure “rescue” and refinance fraud
- Fake “government” modification programs
- Leaseback/rent-to-buy scheme
- Bait-and-Switch
- Bankruptcy foreclosure

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“REAL PEOPLE, REAL STORIES” FTC VIDEO

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HOW TO PROTECT YOUR COMMUNITY?

What community leaders can do

1. Make homeowners aware of loan modification scams
2. Educate them about the signs
3. Encourage them to report scams to authorities

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HOW TO PROTECT YOUR COMMUNITY?

What homeowners should do

1. Contact their lender first and ask to speak to the loss mitigation department.
2. Only send mortgage payment to their lender.
3. Do not sign any documents you do not read nor fully understand.
4. Work with a free, HUD-approved counseling agency.

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HOW TO PROTECT YOUR COMMUNITY?

Where to report scams

1. Call the HOPE Hotline at 1-888-995-HOPE (4673).
2. Visit www.LoanScamAlert.org
3. Call the Federal Trade Commission at 1-877-FTC-HELP (382-4357). Or visit www.ftc.gov.
4. Contact the state Attorney General.

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ADDITIONAL RESOURCES

NeighborWorks® America
findforeclosurehelpandhope.org or nw.org

Homeownership Preservation Foundation
995hope.org, 888-995-HOPE (4673)

Making Home Affordable, the President's plan
makinghomeaffordable.gov

State Attorney Generals
naag.org/attorneys_general.php

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**Thank you for participating in
today's workshop!**