



Mortgage Modification and Foreclosure Scams ALERT



Predatory Mortgage Practices

Financially stressed homeowners are often targeted by predatory mortgage scam artists. Using abusive practices, such as collecting illegal advance fees or taking advantage of financially stressed homeowners facing foreclosure, scam artists have damaged the financial security of many Californians.

Help is Available.

Loan Modification and Foreclosure Scams

Homeowners facing foreclosure should beware of these common scams:

✓ **Beware:** Advance Fee Scams – Homeowners looking for mortgage assistance may be asked to pay upfront fees for loan modification services or mortgage forbearance services. Do **NOT** pay anyone advance fees for these services. Contact the Department of Real Estate immediately at 916-227-0770. **Advance fees for loan modifications are NOT legal in California.** In addition, collecting late fees is prohibited while a loan modification application is under review, a denial is being appealed, or a borrower is making timely payments.

✓ **Beware:** Transferring Deed to Third Party – Homeowners have been told that by transferring the deed to their home to a third party they will no longer be responsible for the house payments. This is **NOT** true. In this scam, the third party collects the rent until the house is foreclosed upon, leaving the homeowner without a place to live and little chance of recovering the “rent” paid. **Transferring title does not relieve a borrower from making payments.** Mortgage scam artists often ask for up-front fees to make the deed transfer and promise to rent the house back to the homeowner until the homeowner can afford to buy the house back. If you are facing foreclosure, investigate payment options with your mortgage servicer and do **NOT** sign your property away.

✓ **Beware:** Think Before you Default – Homeowners have been told by scam artists to not pay their mortgage in order to get a loan modification. While there is no right to a loan modification, **the terms and standards for a loan modification are always determined by the mortgage loan servicer - no one else.** If you are having difficulty making mortgage payments, you should contact your mortgage servicer directly or contact a HUD-certified counselor (888-995-4673) for help.

The California Department of Corporations and the California Department of Real Estate license and regulate a variety of entities that are involved with the mortgage process. These departments want to educate consumers on current mortgage and foreclosure related scams.

**Before hiring anyone to help modify your loan, contact the
Department of Real Estate at 877-DRE-4LIC or www.dre.ca.gov**

**To file a complaint against a mortgage loan modification consultant, contact the
Attorney General’s Office, Public Inquiry Unit at 1-800-952-5225 or www.oag.ca.gov**

**To verify the license of someone servicing or negotiating terms of your mortgage loan, contact the
Department of Corporations at 866-ASK-CORP or www.corp.ca.gov**

