



# Mortgage Modification and Foreclosure Scams ALERT



## Loan Modification and Foreclosure Scams

Homeowners facing foreclosure should be aware of these common scams:

- ✓ **Advance Fee Scams** – Do **NOT** pay anyone asking for upfront/advance fees for loan modification services or mortgage forbearance services. Contact the California Department of Real Estate (DRE) immediately at 877-373-4542. **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.
- ✓ **Deed-Transferring to Third Party** – Homeowners have been told by scammers that by transferring the deed to their home to a third party, they will no longer be responsible for their mortgage payments. This is **NOT** true. **Transferring a title does not relieve a borrower from their mortgage 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.
- ✓ **Intentional 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.

Before hiring anyone to modify your loan, contact the Department of Real Estate at 877-373-4542 or [www.dre.ca.gov](http://www.dre.ca.gov)

To file a complaint against a mortgage loan modification consultant, contact the Attorney General's Office, Public Inquiry Unit at 800-952-5225 or [www.oag.ca.gov](http://www.oag.ca.gov)

To verify the license of your loan servicer, contact the Department of Business Oversight at 866-275-2677 or [www.dbo.ca.gov](http://www.dbo.ca.gov)

## Mortgage and Foreclosure Legislation Helping Homeowners

**Senate Bill 900 (Leno) and Assembly Bill 278 (Eng) Foreclosure Reduction Act**  
*Does not provide the homeowner with a right to a loan modification.* Instead, ensures that a servicer will review to a homeowner's application and request for a modification.

**Senate Bill 980 (Vargas) Prohibits Advance Fees for Loan Modifications**  
Extends the prohibition of charging advance fees in connection with performing mortgage loan modifications or loan forbearance services.

**Assembly Bill 1950 (Davis) Extends Statute of Limitations on Mortgage and Real Estate Fraud Cases**  
Extends the statute of limitations on the prosecution of loan modification scams and the illegal collection of advance fees. Misdemeanor violations of California laws that protect homeowners in the foreclosure and loan modification process are now subject to a three year statute of limitations.

*The DBO and the DRE license and regulate a variety of entities that are involved with the mortgage process and have a goal to educate consumers on current mortgage and foreclosure related scams.*

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