

## Trusted Authorities

If you are facing foreclosure, you can find help, free of charge, from the following organizations, which may include HUD - approved counseling agencies:

Community Legal Services of Mid-Florida

U.S. Department of Housing and Urban Development

U.S. Department of Justice

U.S. Department of the Treasury

National Fair Housing Alliance

National Foreclosure Mitigation Counseling Agencies

Homeownership Preservation Foundation

Fannie Mae

Freddie Mac

Lawyer's Committee for Civil Rights Under Law



## About FloridaLawHelp.org

FloridaLawHelp.org is administered by Florida Legal Services, Inc. and is produced in cooperation with Pro Bono Net and the legal services organizations and government agencies throughout Florida and the United States.



This brochure is for general education only. It is not intended to be used to solve *individual problems*. If you have specific questions, see an attorney.



The Florida Bar Foundation, with *Interest on Trust Accounts* program funding, provides support for this service.

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To locate your local legal aid or legal services office, please visit us on the web at

[www.floridalawhelp.org](http://www.floridalawhelp.org)

Your local legal aid or legal services office can be located through either the "Find Local Help" or "Directory" links.

If you don't have access to the internet, consult your local Directory Assistance for the number of the legal aid or legal services office nearest to you.

Special thanks to Community Legal Services of Mid-Florida, Inc.

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## How To Recognize A Loan Modification Scam And What To Do Next..



**Loan modifications are changing every day. Here are some of the most common loan modification scams out there today.**

**Phony Counseling or Foreclosure Rescue Scams** The scam artist poses as a counselor and tells you he can negotiate a deal with your lender to save your house—if you pay him a fee first. He may even tell you not to contact your lender, lawyer or housing counselor—that he'll handle all details. He may even insist that you make all mortgage payments directly to him while he negotiates with the lender. Once you pay the fee, or a few mortgage payments, the scammer disappears with your money.

**Fake "Government" Modification Programs** Some scammers may claim to be affiliated with, or approved by, the government, or they may ask you to pay high, up-front fees to qualify for government mortgage modification programs. The scammer's company name and Web site may sound like a real government agency. You may also see terms like "federal," "TARP" or other words related to official U.S. government programs. Your lender will be able to tell you if you qualify for any government programs to prevent foreclosure. And you do not have to pay to benefit from these programs.

**Bait-and-Switch** The scam artist convinces you to sign documents for a "new loan modification" that will make your existing mortgage current. This is a trick. You actually just signed documents that surrender the title of your house to the scam artist in exchange for a "rescue" loan.

**Rent-to-Own or Leaseback Scheme** A scammer urges you to surrender the title of your home as part of a deal that will let you stay in your home as a renter and then buy it back in a few years. He may tell you that surrendering the title will permit a borrower with a better credit rating to get new financing—and keep you from losing your home. However, the scammer may have no intention of ever selling the home back to you. But the terms of these deals usually make buying back your home impossible. Worse yet, when the new borrower defaults on the loan, you're evicted.

### Variations

1. The scammer raises your rent over time to the point that you can't afford it. After missing several rent payments, you are evicted, leaving the "rescuer" free to sell your house.
2. The scammer offers to find a buyer for your home, but only if you sign over the deed and move out. The scammer promises to pay you some of the profit when the home sells. But the scammer simply rents out your home and keeps the profits while your lender proceeds with the foreclosure. You lose your home and are still responsible for the unpaid mortgage, because transferring

the deed does not affect your mortgage obligation.



**Bankruptcy to Avoid Foreclosure** The scammer may promise to negotiate with your lender or get refinancing on your behalf if you pay a fee up front. Instead of contacting your lender or refinancing your loan, he pockets the fee and files a bankruptcy case in your name—sometimes without your knowledge.

A bankruptcy filing often stops a home foreclosure, but only temporarily. Filing bankruptcy stops any collection and foreclosure while the bankruptcy court administers the case. But, eventually you must start paying your mortgage, or the lender will be able to foreclose. You could lose the money you paid to the scammer and your home. Worse yet, a bankruptcy stays on your credit report for 10 years, which makes it difficult to obtain credit, buy a home, get life insurance or even get a job.

**Stop Scammers in Their Tracks** Every day, loan modification scams rob more people of their money and their homes. You can fight back and put a stop to this crime.

If you or someone you know has been the victim of a loan modification scam, we urge you to make a quick call and be a hero in your neighborhood by reporting scam artists to the authorities.



Please take action by doing any or all of the following:

- 1 Call the Homeowner's Hope Hotline: 1-888-995-HOPE (4673) Assistance is available in 20 languages upon request.
- 2 File a complaint online through the Lawyers' Committee for Civil Rights Under the Law. Submit your online complaint form in English.
- 3 Call the Federal Trade Commission (FTC) at 877-FTC-HELP (1-877-382-4357).
- 4 You can contact the Florida Attorney General's office .
- 5 Contact the Better Business Bureau.