

## Signs of a Foreclosure Relief Scam

In light of the unprecedented pandemic and economic crisis, many Californians may be dealing with foreclosure in the coming months and years.

The federal government has free resources and help for those facing foreclosure. **It is not necessary to pay a third party to arrange for foreclosure relief or a loan modification.** A list of nonprofit housing counseling agencies approved by the United States Department of Housing and Urban Development (HUD) is available from your local HUD office or by visiting [www.hud.gov](http://www.hud.gov). If you are eligible for a loan modification or refinance program, a HUD-approved counselor will work with you to compile an intake package for your servicer.



Below are some red flags you should be aware of to protect yourself from becoming a victim of a foreclosure relief scam.

### Makes Guarantees

*Stop Foreclosure Now! 95% Success Rate! 100% Money Back Guarantee!*

If it sounds too good to be true, it probably is. No one, including attorneys, can truthfully guarantee they will stop a foreclosure or get you a loan modification. Be wary of companies or attorneys that make such claims.

### Requires a Fee in Advance

*Pay \$3,000 and keep your home!*

Advance fees are collected before any services are provided. Generally, the collection of advance fees is prohibited, but there are limited exceptions, including attorneys providing legal services. Consumers should be mindful if they are asked to pay an advance fee.

Many times, once fees are paid, the company will collect the money and disappear. Also, be concerned if the company only accepts payment via wire transfer or cashier's check.

Attorneys are allowed to charge upfront fees; however, thoroughly research the attorney and review their state bar record. You can also ask friends and family if they know of an attorney they trust and recommend.



### Advises You to Stop Paying Your Mortgage Company or to Stop Talking to Your Mortgage Company.

*Pay us, and we'll take it from here.*

Companies or attorneys may collect your money and then do nothing or send you documents or information that are available for free or advise you to stop paying your mortgage company. Keep talking to your mortgage company yourself—they may be willing to modify your loan.

Do not send your mortgage payment to anyone other than your mortgage company. Attorneys or companies may simply keep the money instead of paying the mortgage company.



## Asks You to Sign Documents You Don't Understand / Asks You to Sign Over or Transfer the Deed to Your Home

*Sign this now! Don't worry about the details!*

Don't let companies or attorneys pressure you into signing something you do not understand. For example, a "bait and switch" scheme involves a homeowner who doesn't realize that they are signing over the deed to their property. The homeowner may think they are signing up for a new loan or another financial arrangement.

Also, be skeptical if someone asks you to sign over the deed to your home. For example, a "rent-to-buy" involves an attorney or company convincing the homeowner to sell them the property so that the homeowner can "buy it back later." Usually, the terms of these deals make it impossible for the homeowner to actually buy back their home, and the homeowner loses their home or is evicted.

## Engages in a "Hard Sell"

*Limited time only! Don't wait! Call now!*

Be concerned if you feel an attorney or company is pressuring you to hire them. Legitimate businesses will not employ high pressure direct marketing. An example of this is when an attorney or a business you don't know calls or emails you and wants you to hire them. Additionally, all promises and agreements should be in writing.

### **So, What Can Homeowners and the Public Do?**

- Be aware of the latest laws and policies: HUD and the Biden Administration are continuously addressing immediate housing needs, including extensions of evictions and foreclosure moratoriums, and extensions of forbearance request deadlines. For the most up-to-date information, review the HUD website: [www.hud.gov](http://www.hud.gov).
- Contact HUD, and encourage others to contact HUD, if you or others are experiencing potential foreclosure.
- Report suspicious activity to the appropriate authorities, such as the California Department of Real Estate ([www.dre.ca.gov](http://www.dre.ca.gov)), the Federal Trade Commission ([www.ftc.gov](http://www.ftc.gov)), the California Attorney General's Office ([www.oag.ca.gov](http://www.oag.ca.gov)), the Better Business Bureau ([www.bbb.org](http://www.bbb.org)), as well as state and local consumer protection agencies.