

CONSUMER ADVISORY

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By Attorney General Tom Miller

Foreclosure Rescue Scams

When homeowners are at their worst financially, fraudulent foreclosure consultants and scam artists are at their best. These are the so-called experts who aren't your lender, but they seem to have all the answers and promises to save your home. Unfortunately, their answers are wrong, their promises are empty, and their real expertise is in taking your money.

What are they? Foreclosure rescue scams occur when companies or individuals claim that they can prevent a foreclosure. The scammers may claim—or may even be—lawyers from out of state or Iowa. They may claim they can save your home, refinance or modify your troubled mortgage, eliminate your debts and repair bad credit, and help you “buy more time.”

How do they work? Scam artists advertise through websites, television and radio ads, newspapers, roadside signs, and fliers. Sometimes they'll search through public foreclosure notices, and will contact troubled borrowers directly through emails, letters and phone calls.

- **Fake Foreclosure Rescues & Counseling:** A fake “foreclosure service” or “mortgage consultant” purports to act as an intermediary between homeowners and lenders, and claims they can negotiate repayment plans or loan modifications. They may charge outrageous fees for “services,” like occasional phone calls or simple paperwork that you could easily handle yourself. Or, they may do no work at all. They may tell you not to contact your lender, lawyer, or credit counselor, and may even try to collect your payments directly. Some other signs of a scam include: 1) up-front fees before the work is done, 2) requiring more and more information or making you resend information, 3) not letting you cancel the contract within three business days, 4) making you sign a lien, mortgage or a real estate contract, 5) not providing a written contract, 6) telling you to stop paying your lender and pay them their fees instead. *Don't ignore letters from your lender, and don't make mortgage payments to anyone but your lender.*
- **Rent-to-Buy Scams:** Scam artists try to convince you to transfer your title or sell your house to them. Under this scam, you supposedly can stay in your home as a renter and buy back your home later. Unfortunately, the terms of these deals generally set you up to fail, and you'll lose your home and money.
- **Refinance Scams:** Beware of people posing as brokers or lenders with too good to be true finance offers. Scammers will ask you to sign a stack of documents, which they claim will facilitate a refinancing. But your signature may actually trigger the surrendering of the title to your house in exchange for the “rescue” loan and/or instruct your lender to send all notices to the scammer so that you do not receive important notices about saving your home.

Don't pay up-front fees! Under federal and state laws, it's illegal for companies to collect any fees until a homeowner has actually received an offer of relief from his or her lender and accepted it. That means that even if you agree to have a company help you, you don't have to pay until it gets you the result you want.

Iowa Mortgage Help offers free & confidential help for Iowa homeowners. If you are an Iowa homeowner struggling with your mortgage payment, call Iowa Mortgage Help (IMH). IMH is a joint effort between the Iowa Attorney General's Office and the Iowa Finance Authority. IMH offers Iowans free, confidential help from local, trained counselors. Find more information at www.IowaMortgageHelp.com or call, toll-free, 1-877-622-4866.