

Utah Foreclosure Prevention Taskforce

www.utahforeclosureprevention.com

Common Foreclosure Scams

Equity skimming: A "buyer" approaches you, offering to get you out of financial trouble by promising to pay off your mortgage or give you a sum of money when the property is sold. The "buyer" may suggest that you move out quickly and deed the property to him or her. The "buyer" then collects rent for a time, does not make any mortgage payments, and allows the lender to foreclose. Remember, signing over your deed to someone else does not necessarily relieve you of your obligation on your loan.

Phantom help: The "rescuer" charges outrageous fees for light-duty phone calls or paperwork that the homeowner could easily do, none of which results in saving the home. This predatory scam gives homeowners a false sense of hope and prevents them from seeking qualified help. Phantom helpers will often charge high up-front costs to the borrower and then disappear, making it impossible for the homeowner to find or contact them again.

The bailout: In this scam, the homeowner is deceived into signing over title with the belief that he will be able to remain in the house as a renter and eventually buy it back over time. The terms of these scams are so onerous that the buy-back becomes impossible, the homeowner loses possession and the "rescuer" walks off with most or all of the equity.

The bait-and-switch: In this scam, the homeowners think they are signing documents to bring the mortgage current, but instead actually surrender their ownership. They usually don't even know they've been scammed until they're evicted.

Phony counseling agencies: Some groups calling themselves "counseling agencies" may approach you and offer to perform certain services for a fee. These could well be services you could do for yourself for free, such as negotiating a new payment plan with your lender, or pursuing a pre-foreclosure sale. Phony counseling agencies sometimes claim to be HUD-approved. Homeowners can verify the HUD-approval of any counseling agency by visiting www.hud.gov and selecting Avoiding Foreclosure under the Topic Areas tab.