

CONSUMER'S EDGE

CONSUMER PROTECTION DIVISION, MARYLAND OFFICE OF THE ATTORNEY GENERAL

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FORECLOSURE SCAMS DON'T FALL PREY TO A FORECLOSURE SHARK!

A Suitland, MD couple's home was being foreclosed upon because they were delinquent in their mortgage payments. They received a flyer at their home stating, "Please give us a call concerning your property. We can help you now!" The flyer stated, falsely as it turned out, that the company was affiliated with the FHA (Federal Housing Administration) and HUD (US Department of Housing and Urban Development). They contacted the company and met with the "consultant." He advised them to stop paying their monthly mortgage payments to their mortgage company and to make payments to his company instead. The consultant promised he would pay the mortgage company and that he could "repair their credit history and help them save money to purchase a new home." After paying over \$3,000 to the consultant – the couple still lost their home and never got their money back from the consultant.



Scam artists try to take advantage of homeowners facing foreclosure. Posing as "mortgage consultants," "foreclosure rescuers," or a "foreclosure prevention service," these scam artists target homeowners with offers to "save" the defaulting individual's home. The scam artist takes money that the homeowner cannot afford to part with, but fails to provide any meaningful assistance.

Scam artists may learn of homeowners in distress by combing through public foreclosure notices in newspapers and government offices – documents that are readily accessible on the Internet. Promising a fresh start, the scam artists contact the homeowner by phone, in person or by mail with a note of urgency. Scam artists are becoming more deceptive and are always finding ways to dupe homeowners out of their money and strip the equity from their homes.

Like a shark swooping in for the kill, a scam artist moves quickly and with great control. The victims often do not know what hit them until it's too late. Homeowners should be wary if an individual or company:

- Calls itself a "mortgage consultant," "foreclosure service," or something similar.
- Contacts or advertises to people whose homes are listed for foreclosure, including anyone who sends flyers or solicits door-to-door.
- Collects a fee before providing services to you.
- Tells you to make your home mortgage payments directly to the individual or company (and not the mortgage lender).
- Asks you to transfer your property deed or title to the company.

How to Protect Yourself from a Foreclosure Shark

The Maryland Attorney General's office provides a list of organizations that homeowners may contact for advice concerning pending foreclosures. For a list of organizations offering foreclosure counseling and for other information regarding the Foreclosure Counseling Services Law, homeowners should go to <http://www.marylandattorneygeneral.gov> or call 410-528-8662 or 1-888-743-0023 (toll-free). In response to the foreclosure crisis, the state initiated Maryland HOPE (Home Owners Preserving Equity) to provide homeowners and renters facing foreclosure with resources and information. Marylanders may call 410-514-7000 or 1-877-462-7555, or visit the website at <http://www.md-hope.org/> for assistance.



Homeowners facing foreclosure **should not** do the following:

- Sign a contract under pressure. Take your time to review the paperwork thoroughly.
- Sign away ownership of your property to anyone without advice of a lawyer.
- Pay your mortgage payments to someone other than your lender without your lender's prior approval even if he/she promises to pass the payments on to the mortgage company.
- Ignore warning letters from your lender. Rather, you should contact your lender or a lawyer immediately for help.
- Make an oral agreement. Get all promises in writing and get full copies.
- Sign anything with blank lines or spaces. Information, in which you did not agree to, could be added later.

Watch out for mortgage reconveyances. This is an illegal practice where individuals or companies posing as "foreclosure consultants" claim they will either purchase the home themselves or find investors to purchase the home and provide you the right to purchase it back. The consumer is told they can rent the property back until they are once again able to manage the mortgage payment. Once a consumer's credit rating is back on track, the consumer supposedly has the right to buy it back, and he/she will be able to rent the house from the company in the meantime. Unfortunately, the rent is either higher than the original mortgage, so the consumer is evicted from his or her own home, or the money paid as "rent" is never sent to the mortgage company, so the home is still foreclosed upon and the money paid as rent is lost along with the home and any equity the homeowner had in it. Homeowners should call the Maryland Attorney General's Consumer Protection Division at 410-528-8662 to file a complaint about mortgage reconveyance scams. Consumers who wish to file a complaint about foreclosures may contact the Office of the Commissioner of Financial Regulation at 410-230-6100 or visit the website at <http://www.dllr.state.md.us/finance/>.



HOW TO CONTACT US

Consumer Protection Division

200 St. Paul Place, 16th Fl., Baltimore, MD 21202

- **General Consumer Complaints:** 410-528-8662
Toll-free: 1-888-743-0023 TDD: 410-576-6372
9 a.m. to 3 p.m. Monday-Friday
www.marylandattorneygeneral.gov/Pages/CPD/
- **Health Consumer Complaints:** 410-528-1840
Toll-free: 1-877-261-8807 TDD: 410-576-6372
9 a.m. to 4:30 p.m. Monday-Friday
www.marylandcares.org
- **For information on branch offices** in Largo, Salisbury, Hagerstown, and a full list of offices across Maryland, visit:
www.marylandattorneygeneral.gov/Pages/contactus.aspx

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