

Modification Scams

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Here's some information on the latest Modification scams out there:

Contact a trusted advisor with questions or concerns you may have.

Phony Counselors – Scam artists present themselves as “counselors” who will negotiate a deal with the lender IF the borrower pays a fee first. Some scammers even require that all the mortgage payments be made to them while they negotiate on the borrower’s behalf.

Fake “Government “ Modifications – Scammers will claim to be approved or affiliated with the government. Their documents and website will use terms like “federal” and “TARP”. They will claim a fee is necessary to use the modification program. Borrowers should call their lenders directly to find out if they qualify for a government loan modification.

Bait and Switch – The scam artist tells borrowers that by signing loan modification documents the existing mortgage will become current. What the borrower is really signing surrenders title to the scammer in exchange for a “rescue loan”.

Rent-to-Own or Leaseback Schemes – Scammers tell borrowers that if they will surrender title to their home that they can stay there as a renter, and then buy the home back in a few years. The scammer then raises the rent over time to the point they can't pay. The scammer evicts the borrower and sells the home. Another variation is when the scammer has the borrower sign over title and move out. They promise to find a buyer for the home and share part of the profit once the home is sold. What really happens is that the scammer rents out the home, never making the mortgage payments and lets the lender eventually foreclose, while they walk away with all the rent money.

Bankruptcy to Avoid Foreclosure – The scammer promises to negotiate a refinance with the lender for a fee. He pockets the fee and files a bankruptcy in the name of the borrower without the borrower’s knowledge to temporarily stop the foreclosure process. The borrower thinks things are going well because the collection calls stop.