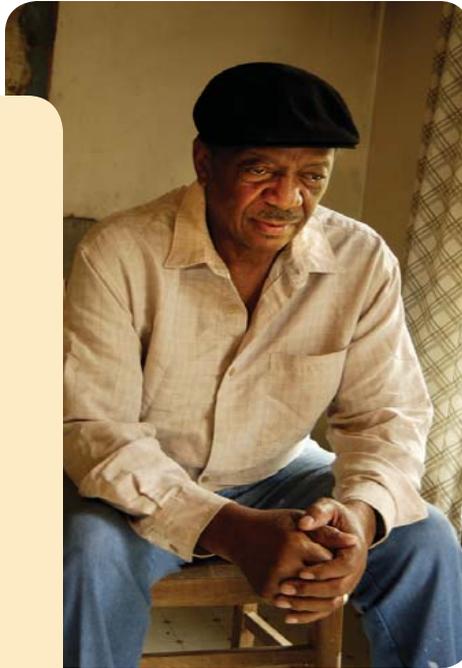


Does This Sound Familiar?

A husband and father of three children was laid off from his job. After looking for work for several months and spending down savings, he fell behind in his mortgage payments. His mortgage lender began foreclosure proceedings. He responded to an advertisement from a company offering a “guarantee to stop foreclosure” – proclaiming to work on his behalf with the lender to stop the foreclosure and modify his monthly payment to an amount he could afford. The company required a \$3,000 upfront fee to begin work on his behalf. He borrowed money from family members and paid the fee, but never heard from the company again. He ultimately ended up losing his home.



Over the last few years, foreclosure filings across the nation have been increasing at an alarming rate. The Massachusetts Housing Partnership noted an increase of 62% in foreclosure deeds in Massachusetts from 2007 to 2008. In these difficult economic times, the Attorney General’s Office often sees new scams emerge that try to take advantage of consumers in their most vulnerable and desperate moments. The Attorney General’s Office has received hundreds of complaints and inquires from distressed homeowners fearing that they have been a victim of foreclosure rescue and quick cash loan scams.

Tips for Distressed Homeowners

Don’t ignore letters from lenders. Make your lender part of the solution, and contact the loss prevention department. But before you call, do your homework:

- Conduct a personal financial assessment to determine how much you can reasonably afford.
- Get all of your documents together before calling to make sure that you will have the information you need while contacting your lender.

Investigate your rights as a homeowner regarding your 90-day right to cure. Talk to a HUD-certified counseling agent. A list of approved credit counselors can be obtained through the Office of Consumer Affairs and Business Regulations (OCABR) at (617) 973-8787 or www.mass.gov/consumer.

Office of Massachusetts Attorney General Martha Coakley
One Ashburton Place • Boston, MA 02108
(617) 727-8400
www.mass.gov/ago/consumercomplaint



Help for Homeowners

Recognizing and Avoiding Foreclosure Rescue Scams

Commonwealth of Massachusetts

Office of Attorney General
Martha Coakley



August 2009

Warning Signs

If you are looking for foreclosure prevention help, avoid any business that:

- Guarantees to stop the foreclosure process – no matter what your circumstances.
- Instructs you not to contact your lender, lawyer, or credit or housing counselor.
- Collects a fee before providing you with any services.
- Accepts payment only by cashier's check or wire transfer.
- Encourages you to lease your home so you can buy it back over time.
- Tells you to make your mortgage payments directly to the business, rather than your lender.
- Tells you to transfer your property deed or title to the business.
- Offers to buy your house for cash at a fixed price that is not set by a fair market value at the time of sale.
- Offers to fill out paperwork for you.
- Pressures you to sign paperwork that you have not had a chance to read thoroughly, or that you do not understand.



A homeowner's interest rate on his adjustable rate mortgage had risen substantially, to the point that he could no longer afford his monthly payment. He responded to a "quick cash loan" advertisement in the newspaper. After a series of calls and submitting paperwork to this out-of-state loan company, he was approved for a \$10,000 loan. The loan company said that, due to his poor credit rating, they would require him to pay the first three months in loan payments before depositing the \$10,000 into his account. The homeowner wired \$2,000 to the loan company and once he confirmed the payment was received, he went to his bank to confirm that the loan was deposited. The money was never deposited and he was never able to track down the company to get his \$2,000 returned.

A letter from a "foreclosure rescue professional" was sent to a homeowner whose home was being foreclosed. The company had identified this homeowner by search foreclosure notices published in the newspaper. The letter advertised a professional staff of attorneys to help distressed homeowners renegotiate their loans. The homeowner responded to the offer for a "free consultation." He was told that he should send whatever he could afford each month to the company and that his payments would be forwarded to his mortgage lender. After the lender contacted the homeowner several times looking for his payment, he learned that his payments to the company had not been forwarded.

A single mother lost her job and fell behind on her mortgage payments. Through members of her congregation, she was connected to a self-proclaimed "financial consultant" who offered to help her reduce her monthly payment. The consultant told the woman to stop making payments on her mortgage and offered the following solution, which she accepted: the consultant said he found someone to purchase her home and permit her to live in the house for a reduced rent until she could afford to buy the house back. She signed the title over. After a few months, the new owner raised the rent to the point that the woman couldn't afford it and her family was evicted, and the house was resold on the open market with the new owner taking the profit. The woman never had a chance at buying that house back.

If you feel that you been victimized by a foreclosure rescue scam, you should immediately file a complaint with Attorney General Martha Coakley's Office at (617) 727-8400 and the Federal Trade Commission at 1-877-FTC-HELP (1-877-382-4357).