

## Avoiding real estate scams

By ANNA CHANG-YEN | Green Shoot Media

If any part of a transaction seems too good to be true, you may be the victim of a real estate scam.

There are many types of real estate scams. The Federal Trade Commission warns consumers to beware of the many, increasingly sophisticated tactics criminals are using to swindle their victims.

### LOAN MODIFICATION SCAMS

If you're in danger of losing your home, it can be a time of desperation, but keeping your wits about you will help you avoid a common loan modification scam. Typically these scams involve someone posing as a financial advisor or debt relief consultant asking you to pay an up-front fee and sign a contract, with promises of lowering your payments or eliminating debt. They may even try to convince you to sign over the title of the property, or redirect your mortgage payments to their own bank accounts.

According to the Homeownership Preservation Foundation, these kinds of scams became so prevalent during the recent housing crisis that the Federal Trade Commission issued a rule in 2011 forbidding companies from accepting up-front fees to negotiate mortgage-reduction payments on behalf of a homeowner.

The Department of Housing and Urban Development suggests that homeowners facing foreclosure contact a HUD-approved housing counselor.

### DEED SCAMS

Scammers around the country looking to capitalize on misinformation about the legal proceedings surround-



© FOTOLIA

Loan modification scams aim to take advantage of homeowners already facing the stress and uncertainty of possibly losing their homes.

ing homeownership have been perpetrating a deed scam. This usually involves a mailed letter offering to provide a certified copy of your property deed, usually for a fee around \$90-\$100. The fee for obtaining a copy of your deed is usually much lower, and you can easily obtain the document yourself from the county clerk's office. The cost can be as little as \$1 per page for a regular copy and about \$10 for a certified copy.

### RENTAL SCAMS

If you find your dream property in an online listing and the price seems like a steal, you may be dealing with a rental scammer. Rental scams are relatively easy for criminals to pull off. They swipe legitimate listing photos and

details, present a peach of a deal and ask for a cash deposit or credit or application fee. They may even invent a property entirely. They walk away with your cash, and you're left with nothing but regret.

According to the Federal Trade Commission, the surest sign of a fraud is if you're asked to wire money. "Wiring money is the same as sending cash — once you send it, you have no way to get it back," according to the FTC.

Working with an "agent" who's located outside the U.S. or being asked to put down money before signing a lease are also red flags.

### REPORT SCAMS

It's important to report scams to help prevent others from being victimized.

### REAL ESTATE 101

#### Know the signs

NeighborWorks America offers to following six signs you're being had by a loan modification scammer:

1. A company/person asks for a fee in advance to work with your lender to modify, refinance or reinstate your mortgage.
2. A company/person guarantees they can stop a foreclosure or get your loan modified.
3. A company/person advises you to stop paying your mortgage company or to pay them instead.
4. A company pressures you to sign over the deed to your home or sign any paperwork that you haven't had a chance to read, and you don't fully understand.
5. A company claims to offer "government-approved" or "official government" loan modifications.
6. A company/person you don't know asks you to release personal financial information online or over the phone.

To report a loan modification scam, contact local police and visit <http://www.preventloanscams.org>.

Rental scams should be reported to local law enforcement authorities as well as to the FTC at <https://www.ftc-complaintassistant.gov/#crnt&panel1-1>.

If you're contacted by a deed scammer, report it to your local clerk of courts office.





Loan modification scams aim to take advantage of homeowners already facing the stress and uncertainty of possibly losing their homes.

© FOTOLIA

# Avoiding real estate scams

By ANNA CHANG-YEN | Green Shoot Media

If any part of a transaction seems too good to be true, you may be the victim of a real estate scam.

There are many types of real estate scams. The Federal Trade Commission warns consumers to beware of the many, increasingly sophisticated tactics criminals are using to swindle their victims.

### LOAN MODIFICATION SCAMS

If you're in danger of losing your home, it can be a time of desperation, but keeping your wits about you will help you avoid a common loan modification scam. Typically these scams involve someone posing as a financial advisor or debt relief consultant asking you to pay an up-front fee and sign a contract, with promises of low-

ering your payments or eliminating debt. They may even try to convince you to sign over the title of the property, or redirect your mortgage payments to their own bank accounts.

According to the Homeownership Preservation Foundation, these kinds of scams became so prevalent during the recent housing crisis that the Federal Trade Commission issued a rule in 2011 forbidding companies from accepting up-front fees to negotiate mortgage-reduction payments on behalf of a homeowner.

The Department of Housing and Urban Development suggests that homeowners facing foreclosure contact a HUD-approved housing counselor.

### DEED SCAMS

Scammers around the country looking to capitalize on misinformation about the legal proceedings surrounding homeownership have been perpetrating a deed scam. This usually involves a mailed letter offering to provide a certified copy of your property deed, usually for a fee around \$90-\$100. The fee for obtaining a copy of your deed is usually much lower, and you can easily obtain the document yourself from the county clerk's office. The cost can be as little as \$1 per page for a regular copy and about \$10 for a certified copy.

### RENTAL SCAMS

If you find your dream prop-

erty in an online listing and the price seems like a steal, you may be dealing with a rental scammer. Rental scams are relatively easy for criminals to pull off. They swipe legitimate listing photos and details, present a peach of a deal and ask for a cash deposit or credit or application fee. They may even invent a property entirely. They walk away with your cash, and you're left with nothing but regret.

According to the Federal Trade Commission, the surest sign of a fraud is if you're asked to wire money. "Wiring money is the same as sending cash — once you send it, you have no way to get it back," according to the FTC.

Working with an "agent"

who's located outside the U.S. or being asked to put down money before signing a lease are also red flags.

### REPORT SCAMS

It's important to report scams to help prevent others from being victimized.

To report a loan modification scam, contact local police and visit <http://www.preventloan-scams.org>.

Rental scams should be reported to local law enforcement authorities as well as to the FTC at <https://www.ftc-complaintassistant.gov/#crnt&panel1-1>.

If you're contacted by a deed scammer, report it to your local clerk of courts office.

## REAL ESTATE 101



### Know the signs

NeighborWorks America offers to following six signs you're being had by a loan modification scammer:

1. A company/person asks for a fee in advance to work with your lender to modify, refinance or reinstate your mortgage.
2. A company/person guarantees they can stop a foreclosure or get your loan modified.
3. A company/person advises you to stop paying your mortgage company or to

pay them instead.

4. A company pressures you to sign over the deed to your home or sign any paperwork that you haven't had a chance to read, and you don't fully understand.
5. A company claims to offer "government-approved" or "official government" loan modifications.
6. A company/person you don't know asks you to release personal financial information online or over the phone.

## HOMESWISE GLOSSARY

**Loan modification:** a written agreement permanently changing one or more of the original terms of the note.

**SOURCE:** U.S. Department of Housing and Urban Development

AD SPACE