

CAUTION

**Protect yourself
against mortgage
relief SCAMS**

Proceed at your own risk



Prepared Exclusively for: Our Neighbor



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When facing the stress of unaffordable mortgage payments, the last thing you want to worry about is whether or not the assistance you receive is in your best interest. Unfortunately, a growing trend of mortgage relief scams has made a challenging situation even more difficult to navigate.

The good news is there are those who wish to combat mortgage relief fraud. From the Federal Trade Commission to real estate professionals like me, there are those you can trust for protection and advice. This report will help you to identify fraud and avoid becoming a victim.

What is Mortgage Relief Fraud?

Mortgage relief fraud occurs when scammers target distressed homeowners seeking assistance in avoiding foreclosure. These unscrupulous companies or individuals generally guarantee a short sale agreement or loan modification and charge an upfront fee to start the service. There have been many reports of desperate homeowners spending thousands of dollars to get help only to find that they had been taken advantage of, lied to, and end up in a worse situation than when they began.

Rip-Off Red Flags

The following items should serve as a warning that a mortgage relief service is not legitimate:

1. Upfront Fees

Always avoid any mortgage relief company that charges upfront fees. Not only is it illegal, it's certainly a sign that the relief is fraudulent. POINT BLANK: Do not pay for the promise of results ... pay for the results themselves.

2. Guarantees

Be suspicious of anyone who guarantees mortgage relief. Any legitimate agent or company should know

that the mortgage relief process is complicated and dependant on many factors, and that to guarantee a successful result is unrealistic. Fraudulent parties will make this promise to falsely raise your hopes, making them appear as though they are providing a rare opportunity. As common sense suggests, if it sounds too good to be true, it usually is.

3. Government Affiliation

Certain fraudulent companies present themselves as government agencies or other authoritative entities by creating websites with official-looking seals, official-sounding names, or video clips of politicians. If someone claims to represent the government, a lending institution or a bank, be sure to verify his or her affiliation. The best way to do this is to check with your lender, Better Business Bureau, or the government's official Making Home Affordable website (<http://makinghomeaffordable.gov>).

4. Deed Transfer

Beware of people who pressure you to sign papers immediately, or who try to convince you that they can "save" your home if you sign or transfer over the deed to your house. Some call this "taking over your property subject-to existing financing." But no matter what you are told about why you should sign over the deed, understand that once this is done, you no longer have legal rights to the property and can be removed from it. Always seek legal counsel before proceeding with an option like this.

Common Scams

Along with red flags, there are certain mortgage relief programs that you should be aware of that will alert you to the fact that they may not be legitimate.

1. Phantom Foreclosure Counseling

This is the most common form of mortgage relief fraud in the U.S. The homeowner pays an upfront fee to secure a "guaranteed" short sale or loan modification by a company who has little or no intention of assisting the consumer at all. Because the process can be strung out over several months, distressed homeowners have little time to get genuine assistance in saving their homes from foreclosure.



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2. Sale/Lease-back or Repurchase

This type of fraud involves the homeowner signing the property deed over to an individual or, most commonly, a "land trust," that holds the property on behalf of the homeowner (making the consumer liable for taxes and insurance). The land trust rents the property back to homeowners with the agreement that they will be able to repurchase the home when able. The terms of these agreements make them almost impossible for the homeowner to regain legal ownership of the property, and also give the right to the land trust to evict, raise rents, or sell the property.

3. "Bait and Switch"

This scam involves homeowners transferring the property to another owner in exchange for mortgage relief. The homeowner does not know they are selling or "deeding" the property and often the documents are misleading or completely fraudulent. Usually the "purchase price" is a fraction of the home's worth.

4. Fraudulent Modification

This type of fraud involves a "rescue" company pretending to negotiate with a lender, but in reality only divert "reduced" mortgage payments to themselves without the homeowner's or lender's knowledge.

5. Bankruptcy Foreclosure

This scheme involves the scam artist taking an upfront fee to negotiate a mortgage modification, then pocketing the fee and filing for bankruptcy on behalf of the homeowner without the homeowner's knowledge. This delays foreclosure, but ruins the homeowner's credit.

Steps the Government is Taking to Address Mortgage Relief Fraud

The volume of mortgage relief scams that has occurred since the beginning of the mortgage crisis has not gone unnoticed by the federal government, and the FBI has been working on bringing these hoodlums to justice. In addition, the Federal Trade Commission has recently issued a ruling in an effort to cut down on fraud. The Mortgage Assistance Relief Services (MARS) Ruling applies to any type of business that provides a mortgage assistance relief service. The Rule defines "mortgage assistance relief service" as a "service, plan, or program that is represented, expressly or by implication, to help homeowners prevent or postpone foreclosure or help them get other kinds of relief, like loan modifications, forbearance agreements, short sales, deeds-in-lieu of foreclosure, or extensions of time to cure defaults or reinstate loans."

The rule addresses the following:

1. MARS "servicers" cannot charge an upfront fee
2. Certain disclosures must be present in any communication with a customer or prospective customer (see disclosures at the end of this report)
3. MARS "servicers" must maintain records of any consumer advertisements, customer contracts, etc. for two years

How I Can Help

As a CDPE-designated agent, I am extensively trained to show you alternatives to foreclosure, including loan modifications and short sales. My services come at no cost to you, the homeowner, and my efforts will always be in your best interests. If you are struggling with mortgage payments and need credible, free advice on how to best proceed, I will be glad to help!

Place Your Confidence in CDPE



CERTIFIED DISTRESSED
PROPERTY EXPERT™

With the right assistance, the stress of facing foreclosure becomes manageable. CDPE-designated agents have received the knowledge and training necessary to assess all possible foreclosure alternatives and pursue homeowners' best options. A CDPE-designated agent attends several days of intensive, thorough training on foreclosure avoidance and how to negotiate short sales efficiently and ethically. The highly regarded CDPE logo means you are working with the most informed, up-to-date resource available.

