



NATIONAL FOUNDATION FOR
CREDIT COUNSELING

*Knowing the difference can
make all the difference.*

NFCC PRESS RELEASE

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FORECLOSURE SCAM ARTISTS PREYING ON HOMEOWNERS *NFCC Warns Consumers to Guard Against Foreclosure Scams*

Silver Spring, MD - If there were ever an example of kicking a guy when he's down, preying upon a homeowner who fears foreclosure rises to the top of the list. The National Foundation for Credit Counseling (NFCC) cautions consumers to be wary of any offers that seem too good to be true.

Rising foreclosure rates have led to a growing number of scam artists offering to "rescue" homeowners in financial distress. They use a wide variety of scams and target people of all ages in virtually every community across the country. Anyone can become a victim.

Foreclosure rescue scams usually revolve around heavily promoted deals supposedly designed to save the homes of people facing foreclosure – those who have fallen behind on their mortgage payments. They proclaim to "save your home" or "pay your mortgage," but in reality generate a quick profit for the scam artist or strip away the value of the home with no benefit to the owner. "Scam artists can evict a family from their own home and then sell it on the open market before the homeowner has any idea of what is going on," said Gail Cunningham, spokesperson for the National Foundation for Credit Counseling.

How does a foreclosure rescue scam work?

- The "rescuer" identifies distressed homeowners through public foreclosure notices in newspapers, via the Internet, or at government offices.
- The "rescuer" then contacts the homeowner by phone, personal visit, card or flyer left at the door, or advertising.
- The initial contact typically centers on a message that tells homeowners that they can stay in their house easily, get a "fresh start," keep their credit rating or receive instant cash.

During the first meeting, the unsuspecting homeowner is often told to stop all contact with lenders, credit counselors or lawyers and let the "rescuer" handle all the details. This cuts off the homeowner's access to legitimate financial solutions and digs a deeper financial hole.

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The scam artist generally looks to make a quick profit through fees or direct mortgage payments that are never passed on to the lender. Sometimes the scammer assumes ownership of the property by deceiving the homeowner.

Once it is too late to save the home, the “rescuer” either takes the property or the owner loses the home to foreclosure after it has been drained of equity through fees and charges.

What are the red flags to keep in mind?

The NFCC advises homeowners to proceed with extreme caution if an individual or company:

- Calls itself a “mortgage consultant” or “foreclosure service.”
- Contacts people whose homes are listed for foreclosure, including anyone who uses flyers or solicits for business door-to-door, by phone or email.
- Encourages you to lease your home so you can buy it back over time.
- Collects a fee before providing any services to you.
- Instructs you to cease all contact with your lender, credit or housing counselors, lawyer or other legitimate experts.
- Tells you to make your mortgage payments directly to him or his company (not the lender).
- Requires that you transfer your property deed or title to him or his company.
- Makes a promise that seems too good to be true, for example, instant cash with “no strings attached.”
- Tells you that as part of the deal you will need to move out of your house for some period of time for remodeling or other reasons.
- Offers to buy your house for cash at a fixed price that is not set by the housing market at the time of sale.

What should a homeowner NEVER DO?

- Don't be pressured to sign a contract. Take your time to review all documents thoroughly, preferably with a lawyer who is representing your interests only.
- Don't send or give your mortgage payments to someone other than your lender, even if he promises to make the payments for you.
- Don't sign away ownership of your house to anyone without advice from a credit or housing counselor or lawyer.
- Don't rely on verbal agreements – they mean nothing. Get all promises in writing and keep copies of all documents, especially those you sign.
- Don't sign anything containing blank lines or spaces. Scammers can add information later without your knowledge or approval.
- If you do not speak English, use your own translator. Don't depend on someone who is provided by the “rescuer.”
- Don't fall for promises that are often used to lure homeowners into scams. For example:
 - Claims to save your credit rating
 - Promises of instant cash
 - Guarantees that a buyer will be found within a certain number of days
 - Help in filing for bankruptcy to “stop the foreclosure”
 - Offers of free rent or gifts

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The NFCC Web site www.HousingHelpNow.org is a resource of information that consumers can use to educate themselves about such scams and other housing related issues. Further, if the homeowner is concerned about foreclosure, they can take the Mortgage Reality CheckSM located on the Web site. This self-diagnostic tool assesses their risk of foreclosure, and if necessary, the consumer can connect immediately to a certified housing counselor near them. Financial education is the key to prevent being “taken” by ruthless con artists.

If a consumer senses that he may not be able to continue making his mortgage payments, the NFCC recommends that he seek immediate housing counseling from a legitimate agency instead of falling for unrealistic claims. “Early intervention by a trained counselor can mean the difference between foreclosure and remaining in the home,” said Cunningham. “The NFCC represents the largest network of certified housing counselors in the nation, with most member agencies being HUD-approved, and can provide solid direction for the homeowner,” she continued.

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The National Foundation for Credit Counseling (NFCC), founded in 1951, is the nation’s largest and longest serving national nonprofit credit counseling organization. The NFCC’s mission is to promote the national agenda for financially responsible behavior and build capacity for its members to deliver the highest quality financial education and counseling services. NFCC members annually help more than two million consumers through more than 900 community-based offices nationwide. For free and affordable confidential advice through a reputable NFCC member, call 1-800-388-2227, (en Espanol 1-800-682-9832) or visit www.nfcc.org.

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