

## Growing Mortgage Fraud Scam Makes Just About All Homeowners Vulnerable - An ACCESS Fraud Alert

June 7, 2011 - There is a mortgage fraud scam sweeping across the country that has the potential to turn just about any homeowner into a victim. Worse yet, the scam is so simple to launch and cheap to operate that there are virtually no barriers to entry for enterprising criminals. In fact about the only thing that is needed is a list of names and addresses for a given area and, for the price of paper and postage, the fraud can be launched. Victims are likely to find that they get taken for one or two mortgage payments before they find out there is a problem. Homeowners can protect themselves but they need to know what to look for.

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(function() {  
var s = document.createElement('SCRIPT'), s1 = document.getElementsByTagName('SCRIPT')[0];  
s.type = 'text/javascript';  
s.src = 'http://widgets.digg.com/buttons.js';  
s1.parentNode.insertBefore(s, s1);  
})();
```

It is a simple scam. A homeowner receives a letter stating that their mortgage has been sold to another company and they are to start sending their payments to a new address; their checks to be made out to the new mortgage owner. That's it. If the crook is smart, he or she will send the letter on paper that looks like it is from a major bank or mortgage servicer. If they send enough letters in any given area, they will know that a certain percentage of them will get to people who have mortgages serviced by the company shown on the letterhead. And a certain percentage of those people will dutifully comply with the instructions in the letter.

More enterprising crooks will find that it is a fairly simple and inexpensive process to do much better targeting when they send out their mail. There are databases available that can provide the names and addresses of homeowners along with the names of the lenders who own their mortgages and the amount of the original mortgage. That information will significantly increase the response rates from homeowners.

Anyone who receives a letter like this and falls for it will find themselves on the hook for the entire amount of the fraud. It usually takes a month or two before victims find out that they have been duped.

Typically what will happen is that a victim receives a letter and complies with the instructions in it. They send their payment to the new company. A couple of weeks later they receive a call stating that their mortgage is late. If the victim asks a few questions and finds out that their mortgage has not been sold, the plot is uncovered and no more checks will be sent to the fraudsters. Unfortunately, that doesn't always happen.

A large number of victims don't ask too many questions. They simply state that they have already mailed their mortgage payment. That will typically end the call. The next month, they send a second payment to the fraudsters. As before, they will eventually get a call from their actual mortgage servicer and once again state that they have mailed their mortgage. The conversation that takes place on this call is usually when it becomes clear that a crime has been committed.

Unfortunately for the homeowner, it also means that they are now 60 days delinquent on their actual mortgage. That money has to be paid. Unlike crimes such as credit card fraud, it is the homeowner and not the bank that is responsible for the entire amount of the fraud.

With a little knowledge, homeowners can protect themselves. The simplest protection is a phone call to your original lender. If you receive a letter like the one mentioned here, you should always call your lender and ask them to confirm that your mortgage has been sold. But look up the number for your lender yourself. If there is a number on the letter you receive and you use it, you could actually be talking to the crooks rather than your real lender.

Second, there are certain legal requirements that lenders have to fulfill when they sell your mortgage. The first of these is a "goodbye" letter from your old lender or mortgage servicer. This letter will tell you that your mortgage has been sold and that you will be hearing from your new mortgage servicer shortly. Within a week or two of the initial letter, you should get a letter from the new mortgage servicer. This letter will contain information about where to send your payments and may contain a payment coupon book or vouchers.

Both letters should have your loan number in them. If they don't, then that should be a red flag.

The best rule of thumb here is to make sure that you place a call to the lender selling your mortgage. You need to confirm that the letter is legitimate and the best way to do that is by making the phone call yourself, using a number that you have looked up yourself. The sixty seconds it will take you to do that could ultimately save you thousands of dollars.

Anyone who has been victimized in this way should file a police report, contact their local district attorney, state attorney general and the FTC. Reports should be filed with each of these agencies.

byJim Malmberg

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