

## Feds Issue Fraud Alert Dealing With Mortgage Modification Scams

December 7, 2011 - Several federal agencies including the Treasury Department and the Consumer Financial Protection Bureau (CFPB) have joined together to deal with mortgage modification fraud. Their efforts concern fraud that targets consumers attempting to get a mortgage modification through the governments Home Affordable Modification Program (HAMP).

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There have been a wide variety of scams which have cropped up concerning HAMP. Common scams include getting homeowners to pay up-front fees for a mortgage modification and paying third parties to assist with so-called bank negotiations. In many cases, the scam artists tell property owners to stop making payments on their mortgages. This has led to a number of foreclosures for owners who actually had equity in their homes.

The fraud alert is as follows:

- Homeowners struggling to make their mortgage payments should beware of con artists and scams that promise to save their homes and lower their mortgage debt or payments.
- If you are struggling to pay your mortgage and are seeking a mortgage modification, keep the following tips in mind:
  - You can apply to the federal Home Affordable Modification Program (HAMP) on your own or with free help from a housing counselor approved by the U.S. Department of Housing and Urban Development (HUD). Applying to the program is always FREE. For more information on how to apply, call the Homeowner's HOPE Hotline at 1-888-995-HOPE (1-888-995-4673) or visit [www.MakingHomeAffordable.gov](http://www.MakingHomeAffordable.gov).
  - Only your mortgage servicer has discretion to grant a loan modification. Therefore, no third party can guarantee or pre-

approve your HAMP mortgage modification application.

- Beware of anyone seeking to charge you in advance for mortgage modification services – in most cases, charging fees in advance for a mortgage modification is illegal.

Paying a third party to assist with your HAMP application does not improve your likelihood of receiving a mortgage modification. Accordingly, beware of individuals or companies that ask you for payment and tout success rates or claim to be “experts” in HAMP.

If an individual or company claims to be affiliated with HAMP or displays a seal or logo representing the U.S. government in correspondence or on the Web, you should check the connection by calling the Homeowner’s HOPE Hotline.

Beware of individuals or companies that offer money-back guarantees.

Beware of individuals or companies that advise you as a homeowner to stop making your mortgage payments or to not contact your mortgage servicer.

Financially troubled homeowners can avoid scams by working with a HUD-approved housing counselor to understand their options and to apply for assistance. Assistance from HUD-approved housing counselors is free, and homeowners can reach them by calling the Homeowner’s HOPE Hotline at 1-888-995-HOPE (1-888-995-4673) or by visiting [www.MakingHomeAffordable.gov](http://www.MakingHomeAffordable.gov).

by Jim Malmberg

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