



Predators Lurk: Avoiding Scams

When a lender files a foreclosure or schedules a home for public auction, the matter becomes public record – easily accessible at any county clerk or recorder’s office. Scam artists often access these records and target people in financial distress. *90 Days of Hope* seeks to educate homeowners about these risks to help them avoid being defrauded. This campaign will shine the spotlight on some common scams below. However, according to Department of Consumer Affairs director Carrie Lopez, the best advice for consumers to follow is, “if it sounds too good to be true, it is.”

“The Bailout”

In this scam, a con will offer to buy the victim’s home and promise the victim that they can live in the house for a fixed rent until they can buy back the home. The victim signs a document that turns over the title, but doesn’t release them from responsibility of the mortgage (sometimes called a “quit claim deed”). Subsequently, the new “owner” collects the rent without paying the mortgage and lets the loan default. When the lender forecloses the victim is left with no home, a foreclosed mortgage, and bad credit.

“The Bait & Switch”

In this scam, often targeted at non-English speakers, someone shows up at a home claiming to be with the homeowner’s loan company. The con asks the homeowner to sign documents so that they can keep their homes. They sometimes even promise to eliminate the debt owed.

The homeowner needs a way out and is overwhelmed by the sheer number of documents they are being asked to sign. One of those documents is a “grant deed” that passes the home’s title to a third party – the scammer the scammer who then allows the loan to default. The victim is then evicted, left with no home, a foreclosed mortgage, and bad credit.

“Foreclosure for a Fee”

Opportunists who advertise to homeowners that they can offer “advice” on staying in the home until they are evicted make it seem as though walking away from your foreclosed home has few consequences while charging hefty fees for their products. Don’t be fooled - foreclosure is never the first option and comes with adverse consequences to the homeowners and the state. It can take years for homeowners to repair their credit after a foreclosure.





Predators Lurk: Tips for Avoiding Scams

- Beware of anyone who shows up at your door or calls without you contacting them first. If you meet with someone in person, ask for business cards and contact information complete with the office address.
- Use the State of California databases to check for the licenses of state regulated entities. You can check license status of state regulated mortgage brokers, appraisers, lenders and real estate agents on line at www.dre.ca.gov/gen_lic_info
- Don't sign anything that has any blank spaces. Information could be added later that you didn't agree to.
- Always know exactly what you're signing and never sign a contract under pressure. Take your time to review the paperwork thoroughly -- ideally with a lawyer who only represents your interests.
- Never rely on a verbal agreement. Get all promises in writing and obtain copies of everything.
- Be wary of deals that sound too good to be true. Remember – if it sounds too good to be true, it probably is.