

# “THE LEGAL BRIEF”

*Advice to the Guardians of the Great Lakes*



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## May 2012: Avoiding Mortgage Fraud and Scams

**Background:** Widespread anxiety over the recent foreclosure crisis and misunderstandings about the government’s programs for recovery of the real estate market have opened the door to new scams offering deals on mortgages, some of which have specifically targeted military members.

**What are the legitimate government programs?** The Home Affordable Modification Program (HAMP) offers FREE mortgage-related advice and counseling from the Department of Housing and Urban Development (HUD) to homeowners who are struggling to pay their mortgage and could benefit from modifying the terms of their mortgage with their mortgage lender. Homeowners can apply to HAMP on their own or with the help of a HUD-provided counselor, either way, the advice and the application are always FREE. Details regarding HAMP are available at [www.MakingHomeAffordable.gov](http://www.MakingHomeAffordable.gov) or by calling the Homeowner’s Hope Hotline at 1-888-995-HOPE. Details regarding other federal mortgage assistance programs are available at [www.consumerfinance.gov/mortgagehelp](http://www.consumerfinance.gov/mortgagehelp). Military members who sold their home at a loss due to PCS after 2006 or believe they were wrongfully foreclosed upon or charged excessive interest on their mortgage should review the Homeowners Assistance Plan (HAP) and two new programs announced in March 2012 at [hap.usace.army.mil/Update-2012-03-06.html](http://hap.usace.army.mil/Update-2012-03-06.html).

**What is the scam?** Scammers are offering to ‘help’ victims navigate the process for a fee. In most instances, charging a fee for mortgage advice is illegal. The scammers promise to guarantee or pre-approve the victim’s HAMP application, or to otherwise save their home or lower their payments. Some scams even advise their victims to stop making payments on their mortgage.

**What are the signs of a mortgage assistance scam?** *If it sounds too good to be true, it probably is!*

Scammers can often be identified by:

- Unofficial use of the logo or official program names of a government agency, non-profit organization, or lender;
- Advertising a very high rate of success or claiming to be “experts” in obtaining mortgage or loan modifications;
- Guarantee of a successful modification in exchange for an up-front fee;
- Offer of a money-back guarantee.

If an offer claims to be affiliated with HAMP, you can verify that connection by calling 1-888-995-HOPE.

**What should I do if I have been approached by a scammer?** If the scam is related to HAMP, call the Special Inspector General for the Troubled Asset Relief Program at 1-877-744-2009. You can make an anonymous tip. For fraud related to other mortgage programs, submit a report at [Help.Consumerfinance.gov/app/mortgage/ask](http://Help.Consumerfinance.gov/app/mortgage/ask).

### Additional Resources:

- Military mortgage fraud alert: [http://www.sig tarp.gov/documents/military\\_mortgage\\_fraud\\_alert.pdf](http://www.sig tarp.gov/documents/military_mortgage_fraud_alert.pdf)
- VA Home Loans: [www.HomeLoans.VA.gov](http://www.HomeLoans.VA.gov)
- Veterans w/ Fannie Mae mortgages: [www.FannieMae.com/portal/helping-homeowners-communities/veterans-outreach.html](http://www.FannieMae.com/portal/helping-homeowners-communities/veterans-outreach.html)
- Veterans w/ Freddie Mac mortgages: [www.FreddieMac.com/avoidforeclosure/military\\_assistance.html](http://www.FreddieMac.com/avoidforeclosure/military_assistance.html)
- Department of Agriculture (USDA) issued mortgages: [RDHomeLoans.USDA.Gov](http://RDHomeLoans.USDA.Gov)
- Federal Housing Administration issued mortgages: [www.hud.gov/offices/hsg/sfh/nsc/nschome.cfm](http://www.hud.gov/offices/hsg/sfh/nsc/nschome.cfm)
- Consumer Financial Protection Bureau: [www.consumerfinance.gov/mortgagehelp](http://www.consumerfinance.gov/mortgagehelp) or 1-855-411-2372.

If you have any further questions, please contact D9 Legal at 216-902-6010.