

Tips to Prevent You from Becoming a Victim of Mortgage Fraud

Some general tips:

- If it sounds too good to be true—it probably is!
- Never sign a blank document or a document containing blanks. This leaves you vulnerable to fraud.
- Don't sign anything you don't understand.

Mortgage Fraud

- Get referrals for real estate and mortgage professionals. Check the licenses of the industry professionals with state, county, or city regulatory agencies.
- Be suspicious of outrageous promises of extraordinary profit in a short period of time.
- Be wary of strangers and unsolicited contacts, as well as high-pressure sales techniques.
- Look at written information to include recent comparable sales in the area and other documents such as tax assessments to verify the value of the property.
- Understand what you are signing and agreeing to. If you do not understand, re-read the documents or seek assistance from an attorney.
- Make sure the name on your application matches the name on your identification.
- Review the title history to determine if the property has been sold multiple times within a short period. It could mean that this property has been “flipped” and the value falsely inflated.
- Know and understand the terms of your mortgage. Check your information against the information in the loan documents to ensure they are accurate and complete.
- Check out the tips on <http://www.stopfraud.gov/protect-mortgage.html> for additional advice on avoiding mortgage fraud.

Mortgage Debt Elimination Schemes

- Be aware of e-mails or web-based advertisement that promote the elimination of mortgage loans and credit card and other debts while requesting an up-front fee to prepare documents to satisfy the debt. The documents are typically entitled Declaration of Voidance, Bond for Discharge of Debt, Bill of Exchange, Due Bill, Redemption Certificate, or other similar variations. These documents do not achieve what they claim.
- Remember, there is no magic cure-all to relieve you of debts you have incurred.
- Borrowers may end up paying thousands of dollars in fees without the elimination or reduction of any debt.

Foreclosure Fraud Schemes

- Perpetrators mislead the homeowners into believing that they can save their homes in exchange for a transfer of the deed, usually in the form of a Quit-Claim Deed, and up-front fees. The perpetrator profits from these schemes by re-mortgaging the property or pocketing fees paid by the homeowner without preventing the foreclosure. The victim suffers the loss of the property as well as the up front fees.
- Be aware of offers to “save” homeowners who are at risk of defaulting on loans or whose houses are already in foreclosure.
- Seek a qualified Credit Counselor or an attorney to assist you.

Predatory Lending Schemes

- Before purchasing a home, research information about the prices of homes in the neighborhood.
- Shop for a lender and compare costs. Beware of lenders who tell you that they are your only chance of getting a loan or owning your own home.
- Beware of “No Money Down” loans. This is a gimmick used to entice consumers to purchase property that they likely cannot afford or are not qualified to purchase. Beware of the mortgage professional who falsely alters information to qualify the consumer for the loan.
- Do not let anyone convince you to borrow more money than you can afford to repay.
- Do not let anyone persuade you into making a false statement such as overstating your income, the source of your down payment, or the nature and length of your employment.
- Read and carefully review all loan documents signed at closing or prior to closing for accuracy, completeness and omissions.
- Be aware of cost or loan terms at closing that are not what you have agreed to.
- Be suspicious if the cost of a home improvement goes up if you accept the contractor's financing.
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Source: <https://archives.fbi.gov/archives/news/stories/2005/december/mortgage-fraud-prevention-tips-1>

