

Consumer Resources Available for Mortgage Foreclosure and Mortgage Rescue Scams

Consumers who are facing a mortgage foreclosure or who have been stung by a mortgage rescue scam can contact these entities for help.

by Katrina G. Hull

Consumers burdened by adjustable-rate mortgages (ARMs) need to be wary of more than their ever-increasing home payments. Foreclosure rescue scams target individuals struggling through the predatory mortgage crisis.

Foreclosure Scams

Most foreclosure rescue scams also steal home equity. The scams begin with a phone call or a letter offering a "fresh start" or "the fastest way to save your home."

Foreclosure rescue scams take many forms, including phantom help, lease/buy back, false bailout, and bait and switch. A phantom helper charges inflated fees for simple phone calls and paperwork that homeowners could handle on their own.

Lease/buy back and bailout scammers obtain title to homes through false promises to fix financial troubles and rent to homeowners until they can afford to repurchase their homes. High transactional fees associated with the sale in a lease/buy back scam strip the home of its equity. A bailout scam involves the transfer of title without a sale. In both scams, the fraudulent rescuer pockets the home's equity.

A bait and switch scammer convinces homeowners they are refinancing their homes. Instead of getting a new home loan, the homeowners sign over their title and remain responsible for the original mortgage. Bait and switch rescue scam victims may not discover the fraud until they receive an eviction notice.

Foreclosure rescue and equity stripping scams vary in complexity and sophistication. The perpetrators can be strangers or family members. For many victims, home equity is one of their last assets.

Homeowners facing foreclosure or struggling with ARMs can avoid the desperation that leaves them vulnerable to rescue scams by seeking help early.

Where to Seek Help

- The U.S. Department of Housing and Urban Development (HUD) provides tips on avoiding foreclosure at www.hud.gov/foreclosure/index.cfm, which includes a link to HUD-approved housing counselors.

- The U.S. Department of Justice lists its approved credit-counseling agencies at http://www.usdoj.gov/ust/ceof/bapepa/ccde/cc_approved.htm.

- The Homeownership Preservation Foundation Hotline at 1-888-995-HOPE (4673) provides free counseling for homeowners. Additional resources for homeowners are available online at www.hopenow.com, www.995hope.org, www.ForeclosureHelpandHope.org, and www.nw.org.

Report Mortgage Rescue Scams

Mortgage rescue scams should be reported to the police or district attorney's office in the victim's county. The Wisconsin Department of Justice also has attorneys trained in prosecuting mortgage rescue fraud. A crime likely has occurred if documents have been forged or a home transferred for little or no value based on a rescuer's false promises.

If an individual or company regulated by the state perpetrates the scam, reports to the Department of Financial Institutions or the Department of Regulation and Licensing are appropriate.

Low-income Persons May Access Legal Help

A consumer also may need an attorney's help to recover a home or home equity. Several agencies provide low-income clients with representation or referrals.

- The Legal Aid Society of Milwaukee Inc., 521 N. 8th St., has walk-in hours on Mondays and Wednesdays from 1:30 to 3:30 p.m.

- Through its SeniorLAW program, Legal Action of Wisconsin Inc., 230 W. Wells St., Milwaukee, offers representation to Milwaukee County residents over age 60 who have been victims of a crime. In November, Legal Action trained private attorneys to handle foreclosure cases through its Volunteer Lawyer Project (VLP). Call the Milwaukee office for intake hours for SeniorLAW and the VLP, (414) 278-7722.

- Legal Action of Wisconsin provides information and referrals in foreclosure cases to residents in Wisconsin's 39 southern counties through its offices in: Milwaukee, (414) 278-7722; Madison, (608) 256-3304; Racine, (262) 635-5836; Green Bay, (920) 432-4656; Oshkosh, (920) 233-6521; and La Crosse, (608) 785-2809.

- Wisconsin Judicare Inc. in Wausau covers 33 northern Wisconsin counties. It provides representation to homeowners in mortgage foreclosure cases through its private attorneys as funding allows. Call Judicare for more information, (800) 472-1638. ☎

Katrina G. Hull, Kansas 2005, is elder rights project attorney at SeniorLAW/Legal Action of Wisconsin, Milwaukee.