

How to Avoid Loan Modification Scams

Facing foreclosure is a terrifying time for any homeowner. With the foreclosure rate at an all-time high and the nation in economic crisis, as many as 8 million American homeowners are expected to face foreclosure through 2012, according to industry studies.

Scam artists see this crisis as a prime opportunity to make money off of homeowners in danger of losing their homes. The so-called mortgage “rescue” companies use simple messages in print, broadcast, and online ads to hook in homeowners facing foreclosure or other financial difficulty.

They may contact homeowners directly, offering help for a fee.

They may imply they are associated with NeighborWorks, the U.S. Department of Housing and Urban Development (HUD), the Federal Housing Administration (FHA), HOPE NOW, and other reputable organizations to gain a homeowner’s trust, personal information and money.

NeighborWorks America urges homeowners who need help to beware of foreclosure rescue scams, and offers the following tips to avoid them.

Never use any ad, person, or company that approaches you and claims to be able to “stop foreclosure now” for a fee.

Never release your financial information online or over the phone to a company you know nothing about.

Never send your mortgage payment, or any payment, to a company other than your mortgage lender.

Visit www.loanscamalert.org to find HUD-approved organizations that offer free, legitimate foreclosure counseling.

If you prefer to speak to a counselor over the phone, **call the HOPE Hotline** at 888-995-HOPE for free foreclosure prevention counseling by expert counselors at HUD-approved nonprofit counseling agencies. The hotline is open 24 hours a day, seven days a week, in English and in Spanish. Counseling is also available in 20 additional languages by request.

Contact your mortgage lender. Contrary to what a foreclosure scammer will tell you, you should contact your lender the minute you have trouble making your monthly payment.

If you suspect a scammer has approached you or victimized you, **visit www.loanscamalert.org to find out how you can report a scammer.**