

## Real Solutions:

- **Forbearance:** Lender agrees to cut or suspend payments for a time (uncommon)
- **Loan Modification:** You and your loan servicer enter an agreement to permanently change one or more terms of the mortgage contract
- **Selling your home:** May provide you with the means to pay the balance
- **Bankruptcy:** Generally considered the last option
- **Short sale:** Lender may allow you to sell the house before foreclosure and forgive any shortfall.
- **Deed in lieu of foreclosure:** You transfer property title to the lender, with their permission, in exchange for cancellation of the remainder of your debt.



Southwestern Pennsylvania Legal Services is a HUD-certified housing counseling agency that can offer assistance with your mortgage problem, including review of your loan documents for compliance with fair lending laws.



Southwestern Pennsylvania Legal Services  
West Penn Rural Fair Housing

Phone: 724-554-3113/724-439-3591

[www.splas.org](http://www.splas.org)

## AVOIDING FORECLOSURE RESCUE SCAMS



**SOUTHWESTERN PENNSYLVANIA  
LEGAL SERVICES**  
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# How It Works:



## The Pitch:

Foreclosure rescue firms use a variety of tactics to find homeowners in distress:

- Local Public foreclosure notices
- Public files at local government offices
- Personalized letters to homeowners
- Internet or television ads
- Flyers and business cards at your front door
- Posters on telephone poles, median strips and bus stops

## The Promises:

- "We guarantee to stop your foreclosure."
- "We have special relationships with many banks that can speed up case approvals."
- "We stop foreclosures every day! Our team of professionals can stop yours this week!"

In reality, only the lender can guarantee to stop a foreclosure. Some banks only deal with the homeowner or a HUD-certified housing counseling agency and stopping a foreclosure is a lengthy, often complex, procedure.

## Red Flags:

No reputable housing counselor will:

- Guarantee to stop a foreclosure
- Tell you not to contact your lender or lawyer
- Collect a fee before providing you with services
- Ask for payment only by cashier's check or wire transfer
- Encourage you to lease your home and buy it back over time
- Collect mortgage payments from you directly

- Tell you to transfer your property deed or title
- Offer to buy your house for cash
- Offer to fill out paperwork without explaining it in detail
- Pressure you to sign paperwork that you haven't read thoroughly or that you don't understand.

## The Scams:

- **Phony Counseling:** Scammer offers to negotiate with your lender while collecting your monthly payment and then disappears
- **Bait and Switch:** Scammer offers to find a new loan to make the existing one current and then has homeowner sign "loan" documents that transfer title of the property to the scammer
- **Rent-to-Buy Scheme:** Scammer offers homeowners a deal to allow them to stay as a renter and buy the house back over a few years, the scammer misses mortgage payments and the original homeowner is evicted.
- **Equity Skimming:** The scammer offers to find a buyer, but only if the homeowner turns over the deed and moves out. The scam artist then rents out the house, pocketing the proceeds, while the lender proceeds with foreclosure.
- **Unauthorized bankruptcy:** The scammer pockets the fee and forgers a signature on bankruptcy documents

*Foreclosure Rescue Scams target homeowners facing foreclosure, particularly if they are equity-rich but cash-poor. Rescue scams cost consumers thousands of dollars, and often, their most valuable asset: their homes.*

