

## TYPES OF REAL ESTATE SCAMS

**REFINANCE SCAM:** A lender or mortgage broker promises low monthly payments by consolidating the homeowners debt such as existing mortgages, credit card debt and car loans. The homeowner is pressured into signing a stack of documents and not given time to read them. The end result is a loan that charges very high fees, pay-off phantom creditors and contains terms that are different from what was promised. The lender knows what the homeowner can pay and sets the payments just high enough for the homeowner to default on the loan. The lender then starts the foreclosure process or refinances the loan again charging additional high fees.

**FORECLOSURE BAILOUT SCAM:** Victims of this form of real estate fraud are generally homeowners who have lost their income or have negative equity (owe more money on their mortgage than the home is worth, also known as being "upside down"). These homeowners are usually desperate and must either sell their home at a large loss or let the lender foreclose, severely damaging their credit. At this point so-called "foreclosure specialists" will offer victims the opportunity to arrange for a sale of their homes. In this form of fraud, the homeowner usually will be told that for a fee of about \$2,000.00 the homeowner can deed their home to the foreclosure specialist and then rent it back.

**FORECLOSURE CONSULTANT/EQUITY PURCHASER SCAM:** A person representing to be an expert on foreclosure offers to either further help, after a homeowner receives a notice of default and either further encumbers the property or gains title to the property. In many cases this same expert may also take advantage of the distressed state a homeowner is going through while in foreclosure and offers to purchase the home for less than market value and misrepresents to the homeowner the value of the home or encumbrances.

**FICTICIOUS BUYER:** Loan applicant may or may not exist. A real person's name and personal information may be used without their knowledge. Foreclosure results against a person who never was involved in the transaction.

**LOAN FRAUD:** False application by a real buyer.

**FALSE INFORMATION BY "STRAW BUYER" (FLIPPING)** - an individual is solicited and is paid for services. Personal information about applicant may or may not be accurate. Applicant has no intention to occupy property. No down payment is made by the applicant. Title is transferred back to seller after closing. Renters are put into property. Mortgage payments may or may not be made without their knowledge. Foreclosure results against a person who never was involved in the transaction.

**FORGERY OF DEEDS:** Thieves may assume the identity of a property's true owner, or claim to represent the true owner, in order to fraudulently obtain title to the property. They typically target properties with a large amount of equity, which often are elderly owners. By forging names on grant and trust deeds, they borrow against the property or sell the property, stealing the equity. Criminals may also alter deeds before they are recorded, changing ownership interests or amounts borrowed.