



CONSUMER ALERT

810 FIRST STREET, NE, SUITE 701 | WASHINGTON, DC 20002 | DISB.DC.GOV

MORE COMPLAINTS FROM CONSUMERS MEAN MORE PREDATORS ARE LIKELY PROWLING THE MORTGAGE MARKET

More people are complaining to the D.C. Department of Insurance, Securities and Banking lately about phony offers to modify their mortgage and prevent foreclosure. Beware of these predators who charge homeowners fees in the troubled housing market but don't deliver.

In the six years since the U.S. housing market crashed, ads aimed at desperate homeowners have exploded and scam artists have flourished – to the point where loan-modification offers have become common scams.

Loan modifications are changes in your mortgage terms to make it easier for you to keep up your monthly payments if you are in financial trouble or your house is worth less than you paid for it. Typical changes would be extending the number of years you have to pay the loan, reducing your interest rate or even reducing the principal you owe on the house. Scammers take fees upfront for these services but don't deliver.

COMPLAINTS INCREASE IN THE DISTRICT OF COLUMBIA

The department has noticed more advertising in the greater Washington area and is receiving more complaints from within the District of Columbia.

Although many scammers preying on area homeowners are based in California and Florida, several loan-modification scam artists are based in the Virginia and Maryland suburbs, particularly in northern Virginia.

Typically their advertisements, direct-mail letters and other marketing material promise help in negotiating resolutions of their delinquent mortgage payments with their lender by helping modify the loan, create an easier payment plan or even help them with a short sale, when the homeowner sells the house for what he can get and walks away from the unpaid portion of the loan – all for an upfront fee.

Remember, you can contact your lender yourself to request a loan modification; you don't need to run the risk of getting ripped off by a scam artist.

HOW TO SPOT A LOAN-MODIFICATION SCAM

Be careful when somebody offering to help with a loan modification:

- Asks you to pay high fees upfront to receive services
- Promises to get you a loan modification
- Asks you to sign over title to your property
- Asks you to sign papers that you do not understand
- Says you should start making payments to someone other than your loan servicer or lender
- Tells you to stop making mortgage loan payments altogether

The scammer does little or no work to obtain a loan modification and often becomes difficult to reach.

TIPS TO GUARD AGAINST A LOAN-MODIFICATION SCAM

- Be sure to carefully READ and UNDERSTAND any documents you are asked to sign. Do not sign anything you do not understand.
- DO NOT PAY ANY UP-FRONT FEES, or any other fees, for loan-modification services to be performed on your behalf.
- DO NOT ALLOW DIRECT ACCESS TO YOUR CHECKING ACCOUNT or provide credit-card information. Protect your personal information.
- ASK FOR A WRITTEN CONTRACT that includes a detailed description of the services the company or individual will perform and the expected results.
- CONSIDER YOUR OPTIONS. You can contact your lender yourself to seek a loan modification.

If your lender is HUD-approved, HUD requires the lender to work with you to modify your loan. See the website (www.hud.gov) for more information or call the number below that pertains to your loan.

FHA Loan	(888) 297-8685
VA Loan	(800) 729-5772
Conventional Loan	(800) 569-4287

If you have any concerns or questions regarding an individual or company offering loan-modification services, please call us at (202) 727-8000 before entering into an agreement or contract for loan-modification or loss-mitigation services.

About the Department of Insurance, Securities and Banking

The District of Columbia's Department of Insurance, Securities and Banking regulates the city's financial-services businesses. It has two missions: to effectively and fairly regulate financial services to protect the people of the District; and to create the conditions that attract and retain financial-services businesses to the District. For more information, visit us on the Web at disb.dc.gov.