The U.S. Department of Housing and Urban Development (HUD) Office of Inspector General (OIG) is the Department’s law enforcement arm and is responsible for investigating complaints of mortgage fraud.

We are working with HUD's Federal Housing Administration (FHA) and HUD-approved counseling agencies to identify scams, stop cases of suspected fraud, and prosecute the perpetrators.

How You Can Help:

Housing counselors are on the front line of the fight to maintain integrity in mortgage programs. Be on the lookout for the frauds detailed above, and report suspected fraud to HUD-OIG or the Federal Bureau of Investigation.

Where to Report:

For FHA borrowers, report to:


For non-FHA loans, you may report to:

Federal Bureau of Investigation 1-800-CALLFBI (225-5324) Online Tips: https://tips.fbi.gov

Loan Modification Scams

Every day, loan modification and foreclosure rescue scams rob vulnerable homeowners of their money and their homes. Housing counselors can help fight back and put a stop to these crimes.

Types of Schemes

• **Phony Counseling**

  The scam artist says that he or she can negotiate a deal with the lender to modify the mortgage — for an upfront fee. Scammers often guarantee or promise that they can secure a loan modification or refinance. They frequently advise homeowners not to talk with lenders or other counselors.

• **Phony Foreclosure Rescue**

  Some scammers advise homeowners to make their mortgage payments directly to the scammer while he or she negotiates with the lender. Once the homeowner has made a few mortgage payments, the scammer disappears with the homeowner’s money.

• **Fake "Government" Modification Programs**

  Some scammers claim to be affiliated with, or approved by the government. The scammer's company name and Website may appear to be a real government agency, but the Website will end with .com or .net instead of .gov. The scammer may also use terms like “FHA,” “HAMP,” "HARP," or other words related to official U.S. Government programs. Fraudsters may also illegally use the FHA or Treasury Department seals in their advertising, solicitations, or Websites to give the impression that they represent a government agency and gain the trust of their victims.
Loan Modification Schemes

• Forensic Loan Audit

Advance fees for loan counseling services are prohibited, so scammers may sell their services as “forensic mortgage audits.” The scammer will say that the audit report can be used to avoid foreclosure, force a mortgage modification, or even cancel a loan. The fraudster typically will request an upfront fee for this service.

• Rent-to-Own or Leaseback Scheme

The homeowner surrenders the title or deed as part of a deal that will let the homeowner stay in the home as a renter and then buy it back in a few years. However, the scammer has no intention of selling the home back and, instead, takes the monthly “rent” payments and allows the home to go into foreclosure.

• Short Sales

Short sale frauds, also known as flopping, are a new trend. Short sales are legal. In fact, new government programs such as the Home Affordable Foreclosure Alternative program offer cash incentives to borrowers and lenders for approved short sales as alternatives to foreclosure. In a short sale, the lender agrees to take an amount less than the balance of the mortgage in satisfaction of the mortgage.

Short sales flopping involves fraudulently under appraising a home to convince the lender to take an amount less than the real fair market value of the house as satisfaction of the mortgage. The house is then “flopped” at its true value, netting a profit to the short seller, and causing a larger loss to the lender or FHA.