



# OIG Fraud Bulletin

April 27, 2023

## Foreclosure Fraud Schemes

Foreclosure fraud schemes can happen when a homeowner falls behind on their mortgage, usually, after a sudden life changing event challenges their financial stability, such as a death, a job loss, a medical issue, or other unforeseen event. This can often jeopardize their home and result in the lender issuing a foreclosure notice. While all homeowners are subject to predatory activities, elderly homeowners are often more at risk of being contacted by bad actors conducting a foreclosure fraud scheme.

### FORECLOSURE FRAUD SCHEMES

Scammers may try to contact you under the proposition of helping you with your mortgage payments. They may offer false legal representation or ask for money to help you save your home. These fraudsters often use official sounding titles or company names. They may also use high-pressure techniques and grow aggressive over the telephone.

### HOW TO PROTECT YOURSELF FROM FORECLOSURE FRAUD

- Do not ignore foreclosure notifications. These notices warn you that the lender or creditor will take action to recover their interest in the property.
- Communicate with your lender or loan servicer— they may have options that can help to delay or avoid foreclosure.
- Do not send mortgage payments to a corporation or individual that is not your loan servicer.
- Do not share personal or payment information with any company without first verifying their legitimacy. Call your loan servicer directly using the number on your mortgage statement to verify their legitimacy.
- Do not stop making mortgage payments on your home without speaking directly to your lender.
- Do not sign any documents giving up title to your home.

Legitimate lenders will comply with the law. Under the Real Estate Settlement Procedures Act, the lender must provide a notification to the homeowner announcing the intention of seizing the home before occupying the property (12 U.S.C. §1024.39 (2021)).

According to the Home Ownership and Equity Protection Act of 1994, mortgage lenders must provide disclosures to "high cost" borrowers—including how much the mortgage will cost over time and the consequences of defaulting on the mortgage. Note, this requirement does not apply to reverse mortgages or construction loans.



## HOW TO REPORT

If you are in danger of a foreclosure, contact the [Making Home Affordable program](#) at the U.S. Department of the Treasury and the U.S. Department of Housing and Urban Development to speak with a free housing counselor for assistance .

Learn more about Federally approved Mortgage Assistance Programs, such as the [Homeowner Assistance Fund](#), that helps homeowners who have experienced hardships due to COVID-19 for assistance with mortgage payments.

If you believe you are the target of a foreclosure fraud scheme involving your FHA-insured loan, report it to the HUD OIG Hotline at, 1-800-347-3735 or visit our website at <https://www.hudoig.gov/hotline>.

For fraud involving conventional (non-FHA-insured) loans, report it to the Federal Housing Finance Agency at, 1-800-793-7724 or <https://www.fhfaig.gov/ReportFraud>.

