



OIG Fraud Bulletin

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MORTGAGE RESCUE SCAMS FOLLOWING A DISASTER

Natural disasters affect millions of Americans each year. Homeowners who experience temporary or permanent loss of income due to a natural disaster or an increase in expenses post-disaster may be financially vulnerable, making it difficult for them to make mortgage payments. Unfortunately, scammers rely on this vulnerability and attempt to exploit homeowners in disaster-stricken areas.

Scammers often prey on homeowners who may be financially vulnerable after falling behind on mortgage payments by promising to “work with the bank” on a homeowner’s behalf to help the homeowner avoid foreclosure. This tactic is often disguised as a “loan modification” or “mortgage modification.” A loan modification may be an appropriate option where a homeowner works directly with the bank or a reputable counseling agency to successfully modify the loan. However, homeowners should exercise caution when an individual or company promises to approach the bank on their behalf to help modify their mortgage, or otherwise avoid foreclosure. These bad actors may charge a large fee then disappear after they get paid without performing services as promised.

RED FLAGS: FRAUDULENT MORTGAGE RESCUE SCHEMES

- You are charged an upfront fee for assistance in avoiding foreclosure or modifying your mortgage loan. **It is illegal for anyone, other than a licensed attorney, to charge a homeowner a pre-paid fee to negotiate a mortgage modification on the homeowner’s behalf.**
- You are asked to transfer the deed to your home. It is very unlikely you will ever get the deed back, regardless of what you are told.
- The individual or company “helping” you asks you to make future mortgage payments directly to them, instead of paying your mortgage company directly.
- You are asked not to contact your current mortgage company.
- The scammer refuses to provide you with a written plan or contract, or alternatively pressures you to quickly sign documents you do not understand.

WHAT TO DO IF YOU HAVE DIFFICULTY MAKING MORTGAGE PAYMENTS

Review [this HUD guide](#) for homeowners having difficulty making mortgage payments.

Seek counseling from a trained HUD-approved housing counselor by telephone 24 hours a day, 7 days a week at (888) 995-HOPE (4673).

Report fraud schemes involving FHA-insured housing, or other HUD-funded government programs or benefits, by contacting the HUD OIG Hotline at 1-800-347-3735, or <https://www.hudoiq.gov/hotline>.

