



02/05/2010

Fed warns of mortgage fraud

The Salt Lake Field Office together with the Utah Division of Real Estate has just released a new report identifying the top five potential scams for 2010. "Scam artists are always looking for new ways to reinvent the same crime," FBI mortgage fraud coordinator Special Agent Michelle Pickens said.

Reverse mortgages can be a very helpful way for seniors to supplement their incomes and draw on the equity of their homes. However some scammers target the elderly by promising them they can stay in their homes for free while they obtain a home loan under the owner's name. The scammer then takes the equity leaving the owner to repay the loan.

The report also warns against short-sale fraud where a homeowner facing foreclosure agrees with the lender to sell for less than the mortgage amount but negotiates a higher price with a buyer and pockets the difference.

Another scam that the FBI anticipates this year is a builder "kickback" scam. A builder who promises "incentives" including down-payment assistance cannot indicate to the lender that there is equity already in the property.

Those looking to take part of a loan modification must "be very careful and very 'due diligent' to make sure the company or individual they're (working with) is legitimate," added Pickens. Some homeowners have reported that they have not received any help modifying their loans despite taking a large up-front fee.

Lastly, the FBI is warning about a type of scam called "affinity fraud" where scammers exploit memberships and relationships in community, religious or ethnic groups. It's important for consumers to stay diligent and use common sense when in doubt. Also the FBI encourages anyone to call them if something sounds "fishy".