



Loan Modification Scams On The Increase

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As more and more homeowners face the threat of foreclosure, scam artists are moving into the loan modification arena. The Office of the Comptroller of the Currency, which regulates nationally chartered banks, is warning consumers to beware of such crooks.

“They may tell consumers to stop paying their mortgages while the con artist works out a modification agreement with the lender, and they may require payment of large up-front fees for their services,” says the agency. “In reality, the scammer pockets the money and never provides the promised services.”

The agency offers these warning signs of a possible scam:

- The individual or company offers to act as an intermediary between you and your lender to negotiate a repayment plan or loan modification, and may even guarantee to save your home from foreclosure. You may be told to make mortgage payments directly to the scammer, who will forward the payments to the lender. In reality, the scammer may pocket your money and leave you in worse shape than before. Even worse, the scammer may tell you to stop making mortgage payments or stop communicating with your lender.
- The individual or company may claim to be affiliated with or approved by the government, or may ask for a big up-front fee to qualify for government mortgage modification programs. You don't have to pay to benefit from those programs. All you need to do is contact your lender or loan servicer.

“Your mortgage lender should be the starting point for finding options to avoid foreclosure,” the agency says.

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