

HUD, Groups Debut Site to Fight Foreclosure Rescue Scams

eCreditDaily.com

March 1, 2010

Scams that prey on desperate homeowners seeking mortgage modifications are soaring and U.S. housing officials have partnered with a national coalition to launch PreventLoanScams.org.

The website expects to hear from 50,000 homeowners affected by such foreclosure-rescue scams, according to the Loan Modification Scam Prevention Network, which developed the site.

The network is a national coalition of public and private enterprises led by the Lawyers' Committee for Civil Rights Under Law.

Government-sponsored housing finance giants Fannie Mae and Freddie Mac are also assisting the committee in their efforts, as is the Homeownership Preservation Foundation and NeighborWorks America.

"Troubled homeowners lose time and money when they are tricked by con artists who promise to help but never do," said John Trasviña, U.S. Housing and Urban Development's Assistant Secretary for Fair Housing and Equal Opportunity. "This initiative combines the collective energies of public and private enterprises to strengthen the ability of law enforcement to prosecute scammers and protect homeowners."

PreventLoanScams.org provides homeowners with a single destination for reporting alleged scammers. Complaints filed through the site are added to a national database and forwarded to the appropriate law enforcement agencies.

HUD has also directed its local fair housing and housing counseling grantees to begin reporting alleged loan modification scams via the website.

The Federal Trade Commission has reported that 7,927 complaints were filed last year under the category of "mortgage modification/foreclosure relief." Only 1 complaint was filed in 2008 in the same category. And the nearly 8,000 complaints likely represent a fraction of all such scams or other issues with foreclosure rescue services, since more cases than not go unreported.