



Dear Fellow Delawarean,

When it comes to protecting our families, safeguarding our wallets, knowing our rights as victims of crime, or understanding how the law can make our communities better, information is the key. Equipped with knowledge, we can make choices that greatly reduce our risk of becoming a victim of crime or fraud, and we can learn how to get help if we're mistreated.

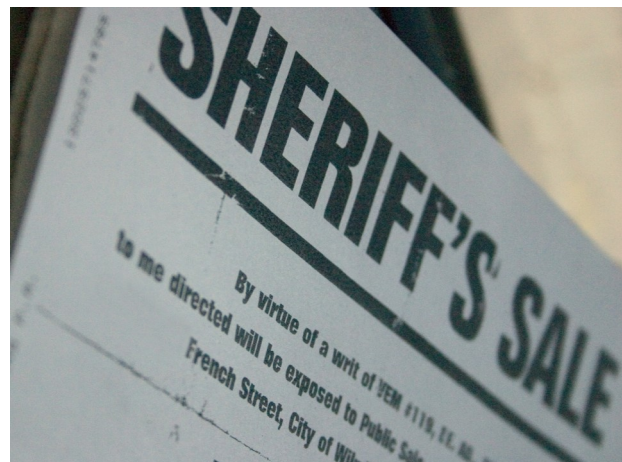
The mission of the Delaware Department of Justice is to protect Delawareans from harm by enforcing the law and being your advocate. We're here to help you, and also to give you the information you need to help yourself and your family. Inside this brochure, you'll find useful tips on avoiding foreclosure scams, what to do if you are victimized, and ways to contact the Department of Justice for further assistance. Together, we can keep Delaware safe and strong.

Beau Biden  
Attorney General

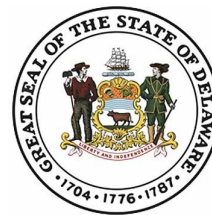
Delaware Department of Justice  
Consumer Protection Unit  
820 North French Street, 5th Floor  
Wilmington, DE 19801

# How to Avoid Foreclosure Scams

Protecting Delaware's Consumers



**Delaware Department of Justice**



**Attorney General  
Joseph R. "Beau" Biden, III**

**Consumer Protection Unit**

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- Kent County • (302) 739-7641
- Sussex County • (302) 856-5353
- Toll Free Consumer Hotline • (800) 220-5424

consumer.protection@state.de.us  
www.attorneygeneral.delaware.gov

The threat of foreclosure is serious. If you don't deal with it right away, you could be evicted from your home with a damaged credit score.

With the recent mortgage crisis, some of the fastest growing frauds are foreclosure rescue scams. In these scams, thieves try to take advantage of homeowners facing foreclosure. Posing as a variety of characters such as "mortgage consultants", "foreclosure rescuers", or as a "foreclosure service", these scam artists target homeowners with offers to "save" the defaulted homeowner's home. The scam artist gets the homeowner's money, but fails to provide any real assistance.

Scam artists first learn of homeowners in distress by looking through public foreclosure notices in newspapers and government offices. These thieves are becoming more deceptive and are always finding new ways to cheat homeowners.

The Federal Trade Commission accepts mortgage complaints in most cases, regardless of the type of lending institution. This includes mortgage and finance companies and state credit unions.

Federal Trade Commission  
Washington, DC20580  
1-877-FTC-Help (382 - 4357)  
[www.ftc.gov](http://www.ftc.gov)

The best way to save your home is to learn about foreclosure and contact a HUD-approved counseling agency.

### Examples of foreclosure scams:

**Phantom help** - The "specialist" really is a phony counselor who charges outrageous fees in exchange for giving homeowners a false sense of hope, delaying homeowners from seeking qualified help, and exposing their personal financial information.

**The lease / buy back** - Homeowners are deceived into signing over the deed to their home to a scam artist who tells them that they will be able to remain in the house as a renter and eventually buy it back. Usually, the terms of this scheme are so demanding that the buy-back becomes impossible, the homeowner gets evicted, and the "rescuer" walks off with most of the equity.

**Bait and Switch** - This foreclosure scam involves signing away the ownership of your home. The scammers will tell the victim that they are signing documents for a new loan that will solve their problems. In reality, they are signing forged documents that will give the crooks ownership of the home. To make matters worse, the victim will still owe for the mortgage but will no longer have the house.

<http://www.hud.gov/foreclosure>

## DOs and DON'Ts

If you're a homeowner in default or facing foreclosure,

### Don't:

- sign a contract under pressure
- sign away ownership of your property to anyone without the advice of a lawyer
- pay your mortgage payments to someone other than your lender without your lender's prior approval, even if the person you're paying promises to pass payments on to the company
- ignore warning letters
- make a verbal agreement
- sign anything with blank lines or spaces — information could be added later that you did not agree to

### Do:

- contact the lender or lawyer immediately for help if you are receiving warning letters
- talk to a HUD approved housing counseling agency
- take plenty of time to review paperwork that requires a signature
- get all promises in writing and get full copies