



Thousands of homes in Nevada have fallen into foreclosure over the last few years, leaving homeowners in a difficult situation trying to keep their homes.

Desperate times can sometimes lead to desperate measures and con artists have found a new way to prey on those who fear losing their home.

Three variations of the foreclosure rescue scam:

1. **Phantom Help:** The “rescuer” charges outrageous fees for light-duty phone calls or paperwork that the homeowner could easily do, none of which results in saving the home. This predatory scam gives homeowners a false sense of hope and prevents them from seeking qualified help.
2. **The Bailout:** In this scam, the homeowner is deceived into signing over the title with the belief that he will be able to remain in the house as a renter and eventually buy it back over time. The terms of these scams are so onerous that the buy-back may be impossible, the homeowner loses possession and the “rescuer” walks off with most or all of the equity.
3. **The Bait and Switch:** In this scam, the homeowners think they are signing documents to bring the mortgage current, but instead actually surrender their ownership. They usually don’t even know they’ve been scammed until they’re evicted.



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# MORTGAGE AND FORECLOSURE FRAUD

## Tips for Prevention and Awareness

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## IF IT SOUNDS TOO GOOD TO BE TRUE...

- Scammers directly solicit victims through the mail, internet or advertisements on signs saying "I buy houses".
- Scammer goes to the victim's house with a grant, bargain, sale, deed; a contract of sale; a transfer tax form; and a notary public and tells them he does not like to use the services of a realtor or escrow company.
- Scammer offers to buy the house for the total amount owed plus some cash. He has victim sign the deed, the transfer tax form and the contract of sale.
- Scammer pays the cash to the victim and tells them that he'll take care of paying off the mortgages. Victims move out of the house and Scammer rents the house. Scammer does not pay the mortgages and the house goes into foreclosure but in the meantime collects the rent during the foreclosure process.

## FIVE WARNING SIGNS THAT YOU MAY BE DEALING WITH A SCAM

1. Calls itself a "mortgage consultant" "foreclosure service" or something similar.
2. Contacts or advertises to people whose homes are listed for foreclosure, including anyone who sends flyers or solicits door to door.
3. Collects a fee before providing services to you.
4. Tells you to make your home mortgage payments directly to the individual or company (and not the mortgage lender).
5. Tells you to transfer your property deed or title to the company.

## WHAT TO DO IF YOU THINK YOU MAY BE A VICTIM OF A FORECLOSURE RESCUE SCAM

1. Call your local police department or sheriff's office and fill out a police report.
2. Contact the Attorney General's Bureau of Consumer Protection about home foreclosure "rescue" scams at (702) 486-3194 in Las Vegas or (775) 684-1180 in Carson City. A complaint form, as well as other valuable information on consumer protection, is also available on the Attorney General's website at [ag.nv.gov](http://ag.nv.gov).
3. Call your lender. New laws passed by the state legislature allow homeowners to avoid foreclosure penalties if the transaction they made with an alleged scammer is proved fraudulent in court.

## IF YOU OR SOMEONE YOU KNOW IS FACING FORECLOSURE

- Don't Panic. Become informed and talk to your lender.
- Don't sign a contract under pressure.
- Don't sign away ownership of your property (often referred to as a "quit claim deed").
- Don't pay your mortgage payments to someone other than your lender even if they promise to pass them on to the mortgage company.
- Don't sign anything with blank lines or spaces.
- Don't sign anything you haven't read or don't understand.

### **KNOW YOUR RIGHTS: NEW LAWS PROTECT HOMEOWNERS**

AB440, passed by the 2007 Nevada State Legislature, makes it an unfair lending practice for a lender to make a home loan without determining that the borrower will be able to repay the loan. The new legislation also prohibits a foreclosure consultant from collecting any payment for services rendered until the consultant has performed all services promised. It also prohibits a foreclosure consultant from taking any wage assignment, lien on property, assignment of a homeowner's equity or other interest in a residence in foreclosure or other security as compensation. In addition, the legislation prohibits a foreclosure consultant from acquiring any interest in a residence in foreclosure of a homeowner for whom the foreclosure consultant has contracted to perform services. These prohibitions are intended to ensure that a foreclosure consultant will act in the best interests of a homeowner who seeks his help.

