



# OFFICE OF THE ATTORNEY GENERAL

---

Catherine Cortez Masto, *Attorney General*

100 N. Carson Street  
Carson City, Nevada 89701-4717  
Telephone - (775) 684-1100  
Fax - (775) 684-1108  
Web - <http://ag.state.nv.us>

## OPINION EDITORIAL

### **MORTGAGE FRAUD AND SCAMS IN NEVADA**

***By Catherine Cortez Masto, Nevada Attorney General***

The “mortgage crisis” is now familiar to all Nevadans.

As the mortgage crisis continues to unfold, record-breaking home foreclosures will be experienced and many homeowners will be forced to make tough choices.

Nevada is number one in the nation for foreclosures, with one filing for every 70 households. Foreclosure scams are a statewide problem. Many people who never thought they would be faced with losing their homes now find themselves without resources to maintain their mortgages and are forced to relinquish their property to their bank. It is at this point the homeowner is most vulnerable to mortgage scams.

I have formed a Mortgage Fraud Strike Force in Nevada to take action against predatory “mortgage rescue” companies and individuals claiming to offer services to stop foreclosures. The task force utilizes existing resources within my office, and works closely with other State agencies with regulatory authority over mortgage lending. This task force has successfully investigated and prosecuted a number of cases despite its limited resources.

However, citizens must take steps to protect themselves from these scams and should become aware of fraudulent foreclosure rescue schemes.

The mortgage crisis has spawned a cottage industry of companies that promise to help troubled homeowners negotiate modifications to their mortgages for a fee. They call themselves “Loan Modification Specialists.” While some companies may be legitimate and may perform the services advertised, some are outright scams being perpetuated by con artists. They work because they offer a lifeline to homeowners desperate to stay in their homes. Often homeowners agree to pay as much as \$3,000 to \$5,000 in upfront fees in exchange for a promise to reduce their monthly payments.

In one recent Nevada case, the con artist offered a 100% money back guarantee, claiming his company would refund the money if the foreclosure could

not be stopped. In another case, the victims paid a monthly charge to the scammer in addition to the hefty upfront fee for the duration of the loan modification process. In both these cases, no services were performed and the money back guarantee was a false promise. The Office of the Nevada Attorney General has received hundreds of complaints in this area and more often than not, homeowners have borrowed and charged on their credit cards with hopes of saving their homes

To avoid becoming a victim of a Foreclosure Rescue scam you should be aware of the following warning signs from a company calling itself a “mortgage consultant,” “foreclosure service,” “loan modification specialist” or something similar:

- The company or specialist requests a fee *before* providing services
- The company or specialist tells homeowners to make their home mortgage payments directly to the individual or company and not to the mortgage lender
- The company or specialist tells the homeowner to transfer his property deed or title to the company
- The company promises “guaranteed loan modifications.” No one can “guarantee” a loan modification or can “guarantee” the ability to stop a foreclosure.

Additionally, remember the following:

- 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
- If you seek assistance from a licensed debt credit counselor – be sure they are a HUD approved agency or check with the Nevada Mortgage Lending Division

For further information on “foreclosure rescue” scams or questions about the services provided by a loan modification company, contact the Attorney General’s Bureau of Consumer Protection 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 web site at [www.ag.state.nv.us](http://www.ag.state.nv.us).