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## Are you a scam victim?

The scope and depth of these mortgage modification scams has only recently become apparent to debtors' counsel. We are looking into the possibility of breach of contract lawsuits, civil fraud lawsuits, claims on other grounds, and even possible class-action lawsuits. However, we are only in the earliest stages of these investigations.

If you believe you are the victim of a mortgage modification scam, we would be happy to look over any paperwork you may have in connection with the scam.

In the meantime, consider contacting the following government agencies:

FEDERAL TRADE COMMISSION

**(877) 382-4357**

FEDERAL BUREAU OF INVESTIGATION

**(920) 432-3868**

WISCONSIN DEPARTMENT OF JUSTICE

**(608) 266-1221**

WISCONSIN DEPT. OF AGRICULTURE,  
TRADE, AND CONSUMER PROTECTION

**(800) 422-7128**

WISCONSIN DEPARTMENT OF FINAN-  
CIAL INSTITUTIONS

**(800) 452-3328**



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# Mortgage Modification Scams

a victim's resource guide

**The Law Office of Gregory A. Holbus LLC**

## What is mortgage modification?

In theory, a mortgage modification is a program designed to stop foreclosure. The mortgage is re-written to extend the term of the mortgage and pushes your arrears (past-due payments) toward the end of the loan, thereby bringing your mortgage current and stopping the foreclosure process.

## Who are the scammers?

Law enforcement and other government agencies are generally aware of third party companies that have sprung up in response to the foreclosure crisis - offering to broker these mortgage modification programs between homeowners and mortgage lenders.

However, evidence is mounting that the mortgage lenders themselves are also perpetrating these scams.

## Why are these scams bad?

It would be bad enough being the victim of a scam if your only loss was the broken promise of a modified mortgage and an end to foreclosure proceedings. However, most homeowners are bilked thousands of dollars in "processing fees". In cases where a foreclosure lawsuit has already begun, the clock keeps ticking on the redemption period. By the time the homeowner realizes modification won't be approved, a sheriff's auction is scheduled just weeks or days later, leaving the homeowner little time to explore other options.

## What are the likely signs of a scam?

1. A third party company offering to broker a resolution between you and your mortgage lender.
2. A third party company claiming to be offering a government-backed modification program.
3. Any company making substantial promises or guarantees. A legitimate company realizes that several factors can impact your eligibility.
4. A company requiring large, up-front processing fees.
5. Any company indicating that the process could take as long as 4-6 months.
6. Anyone who asks you to sign over the deed to your home and/or enter into a lease-to-buy agreement.

## Are all mortgage modification offers really scams?

Hopefully, there are legitimate companies out there offering mortgage modifications. However, based on our clients' experiences, we have very little evidence supporting such hope.

As you can imagine, we (as a bankruptcy law firm) don't hear many success stories. Therefore, our polling data may be skewed. However, since the spring of 2010, the number of reports we have received from homeowners has exploded. Each complaining that they have met all of the demands that the mortgage modification company asked of them, paid massive processing fees, and are still denied the modification.

When you hear these stories two or three times, you assume the homeowner did not, in fact, meet all the requirements. But when you hear the same story repeated dozens, and dozens, and dozens of times... We are left with no choice but to advise our clients that mortgage modifications are not a wise venue to stopping foreclosure.

## Bottom Line: How do I stop my home from being foreclosed on?

We're not saying that you should never consider mortgage modification. We are advising you to exercise extreme caution before entering into such an agreement. Have a back-up plan, and don't wait until the last minute to execute it. We don't want you to suffer the same fate as countless homeowners before you who have fallen victim to these scams.

The feasibility of these other alternatives will depend on your specific financial circumstances:

1. Cure the mortgage arrears on your own.
2. Refinance the mortgage.
3. Contest the validity of the mortgage on grounds of TILA, state contract, or consumer protection violations.
4. Chapter 13 Bankruptcy

Most people do not have the necessary cash to cure or credit score to refinance, and a mortgage can only be contested if there is something faulty about the contract. Therefore, in most cases, we recommend Chapter 13 Bankruptcy. The automatic stay stops the foreclosure process and the repayment plan provides an opportunity to cure the mortgage arrears over 5 years at 0% interest.

Bankruptcy is not for everyone. However, our law firm specializes in foreclosure prevention. We have a reputation for filing quality cases with high confirmation rates and high overall success rates. We credit our history in this area to our budget management services, in conjunction with extensively educating our clients about the various complexities and nuances of undergoing a Chapter 13 Bankruptcy. We will not recommend Chapter 13 unless we are reasonably confident that it is a viable solution for you.