

Mortgage Scams On The Rise, Targeting New Yorkers

With foreclosures on the rise, and with scams targeting foreclosure victims being reported more than ever, Councilman Eric Gioia (D-Queens), the Neighborhood Economic Advocacy Development Project (NEDAP), and CHANGER (Communities Homeowners and Neighbors Gaining Economic Rights), a Brooklyn-based community group, are warning New Yorkers in foreclosure or who are facing foreclosure to be wary of salesmen and solicitations that offer false aid. Often the solicitations are meant to look like government notices that trick the homeowner into handing over money for services that don't help. Gioia announced he would begin a Citywide campaign to inform New Yorkers about the scams, and direct them to groups that offer free help for those facing foreclosure.

"Exploiting New Yorkers who are in danger of losing their homes is appalling," said Councilman Gioia. "In tough economic times, we need to watch out for scams that exploit New Yorkers who are vulnerable. The last thing New Yorkers who face foreclosure should worry about is being victimized yet again."

Some of the most common scams are by letter or fax. Gioia said four of the most common examples are:

- A letter to a home owner that said they "may qualify" for loan modification plan and urges them to call a "Homeowner Help" hotline. The front of the letter asks "Screwed



By Your Mortgage Broker or Lender?"

- A letter from a "Private Investor" who will accept all past due property taxes.

- A fax that told the recipient that the federal government has mandated that "all toxic loans" must be modified. The header says "Federal Government Mandate."

- A letter that notified a homeowner that they had been selected by a "Government insured institution." The letter stated that they tried to get in contact with the homeowner before but had failed.

These solicitations referred homeowners to groups or individuals who promised to help guide them out of foreclosure for a fee. Unfortunately, these are merely money making schemes which prey on New Yorkers

looking for ways out of foreclosure. Rather than helping them, they take their money and then offer minimal help, as was the case with Ms. Antoinette Coffi-Ahaib. Ms. Coffi-Ahaib was facing foreclosure when she was approached by a solicitor who told her he could help. He told her that if she paid him \$4,200, and provided him with all her personal information believing he could help her in dealing with the bank. She promptly handed over the money and her personal information, believing that the solicitor could help. However, the bank rejected her appeals, and when she approached the man who claimed he could help her, he demanded more money to try again. She has since gone to CHANGER to help her during foreclosure.

NEDAP frequently receives

calls from lawyers and housing counselors who relay stories of homeowners who handed money over to loan modification companies expecting help working out a loan modification with their lender, only to be scammed. They lose the money and are left in a worse financial position, often in foreclosure. The Foreclosure Prevention and Responsible Lending Act of 2008 forbids most of these actions, but without outreach to tell homeowners to be aware and enforcement of the law, we will continue to hear the same stories. More people will lose money, get scammed and potentially lose their homes!" said Alexis Iwanisziw of NEDAP.

According to news reports, nearly 25% of mortgage holders nationwide are "underwater," or owe more money than their homes are worth. By April of last year, the foreclosure rate in the New York metro area had jumped 34% from the previous year. In fact, more than 10% of all mortgage holders in the state of New York are behind on their payments and looking for assistance wherever they can find it.

Professors from the University of Virginia recently reported that New York is one of only 12 states where average home values are more than four times greater than average family incomes. Nationwide, home values are on average 3 times greater than family income, but in New York City they are nearly 12 times more than family income - making New Yorkers more vulnerable to sub-prime lending and subsequent foreclosure.

With more homeowners facing foreclosure, the Federal Reserve Bank has found that the number scams that target homeowners by promising fixes have risen.

Scams offering reduced interest payments, loan modification and counseling services are arriving in the mailboxes of thousands of homeowners. But instead of providing relief, these scams are simply robbing New Yorkers of desperately needed money. As with the above examples, scams are often designed to look like official documents or important notices, but instead are simply intended to get people to send their money away for a non-existent service.

To help New Yorker who are facing foreclosure or are currently in foreclosure, Gioia is announcing a Citywide campaign to inform New Yorkers of the most recent scams. Gioia will be visiting senior centers, community boards, churches, synagogues, mosques and civic groups to discuss the latest scams and let New Yorkers know what to look out for. Gioia will distribute flyers with examples of some of the scams which have been reported in New York.

There are several organizations which can help New Yorkers who are facing or are in foreclosure. They include:

- Neighborhood Economic Development Advocacy Project (NEDAP): (212) 680-5100
- CHANGER: 718-304-7753
- South Brooklyn Legal Services: 718-237-5500
- The Center for NYC Neighborhoods: (646) 786-0888