



FEDERAL TRADE COMMISSION

Consumer Information

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Forensic Loan Audits

Fraudulent foreclosure “rescue” professionals use half-truths and outright lies to sell services that promise relief to homeowners in distress. According to the Federal Trade Commission (FTC), the nation’s consumer protection agency, the latest foreclosure rescue scam to exploit financially strapped homeowners pitches forensic mortgage loan audits.

In exchange for an upfront fee of several hundred dollars, so-called forensic loan auditors, mortgage loan auditors, or foreclosure prevention auditors backed by forensic attorneys offer to review your mortgage loan documents to determine whether your lender complied with state and federal mortgage lending laws. The “auditors” say you can use the audit report to avoid foreclosure, accelerate the loan modification process, reduce your loan principal, or even cancel your loan.

Nothing could be further from the truth. According to the FTC and its law enforcement partners:

- there is no evidence that forensic loan audits will help you get a loan modification or any other foreclosure relief, even if they’re conducted by a licensed, legitimate and trained auditor, mortgage professional or lawyer.
- some federal laws allow you to sue your lender based on errors in your loan documents. But even if you sue and win, your lender is not required to modify your loan simply to make your payments more affordable.
- if you cancel your loan, you will have to return the borrowed money, which may result in you losing your home.

If you are in default on your mortgage or facing foreclosure, you may be targeted by a foreclosure rescue scam. The FTC wants you to know how to recognize the telltale signs and report them. If you are faced with foreclosure, the FTC says legitimate options are available to help you save your home.

Spotting a Scam

If you’re looking for foreclosure prevention help, avoid any business that:

- guarantees to stop the foreclosure process – no matter what your circumstances are
- instructs you not to contact your lender, lawyer or credit or housing counselor
- collects a fee before providing any services accepts payment only by cashier’s check or wire transfer

- encourages you to lease your home so you can buy it back over time
- recommends that you make your mortgage payments directly to it, rather than your lender
- urges you to transfer your property deed or title to it
- offers to buy your house for cash at a fixed price that is inappropriate for the housing market
- pressures you to sign papers you haven't had a chance to read thoroughly or that you don't understand.

Finding Legitimate Help

Housing experts say that when you're behind on your mortgage payments, maintaining communication with your lender is the most important thing you can do. Contact your lender or servicer immediately if you're having trouble paying your mortgage or you have received a foreclosure notice. You may be able to negotiate a new repayment schedule.

Call 1-888-995-HOPE for free personalized advice from housing counseling agencies certified by the U.S. Department of Housing and Urban Development (HUD). This national hotline – open 24/7 – is operated by the Homeownership Preservation Foundation, a nonprofit member of the HOPE NOW Alliance of mortgage industry members and HUD-certified counseling agencies. For free guidance online, visit www.hopenow.com (<http://www.hopenow.com/>). For free information on the President's plan to help homeowners, visit www.makinghomeaffordable.gov (<http://www.makinghomeaffordable.gov/>).

Reporting Fraud

If you think you've been dealing with a foreclosure fraudster, contact:

- Federal Trade Commission – www.ftc.gov (<https://www.ftc.gov/>)
- Your state Attorney General – www.naag.org (<http://www.naag.org/>)
- Your local Better Business Bureau – www.bbb.org (<http://www.bbb.org/>)

This article was previously available as *Forensic Mortgage Loan Audit Scams: A New Twist on Foreclosure Rescue Fraud*.

March 2010

Related Items

- [Mortgage Relief Scams](https://www.consumer.ftc.gov/articles/0100-mortgage-relief-scams) (<https://www.consumer.ftc.gov/articles/0100-mortgage-relief-scams>)
- [When Paying the Mortgage is a Struggle](https://www.consumer.ftc.gov/articles/0187-when-paying-mortgage-struggle) (<https://www.consumer.ftc.gov/articles/0187-when-paying-mortgage-struggle>)

- [Trouble Paying Your Mortgage? \(https://www.consumer.ftc.gov/articles/0194-trouble-paying-your-mortgage\)](https://www.consumer.ftc.gov/articles/0194-trouble-paying-your-mortgage)
- [Facing Foreclosure? \(https://www.consumer.ftc.gov/articles/0193-facing-foreclosure\)](https://www.consumer.ftc.gov/articles/0193-facing-foreclosure)
- [Coping with Debt \(https://www.consumer.ftc.gov/articles/0150-coping-debt\)](https://www.consumer.ftc.gov/articles/0150-coping-debt)
- [10 Things You Can Do to Avoid Fraud \(https://www.consumer.ftc.gov/articles/0060-10-things-you-can-do-avoid-fraud\)](https://www.consumer.ftc.gov/articles/0060-10-things-you-can-do-avoid-fraud)