



New law cracks down on mortgage modification scams

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PHOENIX - It's where she's cooked dinner every night and brewed coffee every morning.

It's the place Charlene Alexander and her family have called home for the past four years.

But soon, that's all going to change.

"Homeless, I'm just homeless, in a matter of speaking. I'm just waiting on them for them to give me the notice that I have to leave," Charlene said.

Last year, Charlene lost her job and fell behind on her mortgage payments.

She says she tried to work with her lender to get her home loan refinanced, but had no luck.

That's when she turned to a company she'd found on the internet.

Charlene tells 3 On Your Side she thought they would work to modify her mortgage.

"And you know, he said he could really help me, so I trusted him," she said.

The company, AOM Group, required Charlene to pay \$2,000 up-front, and then \$900 each month thereafter.

To date, Charlene says she's paid them \$11,000.

But despite all that, her home was still auctioned off in May.

“I just feel violated, you know, I feel like a fool,” Charlene said. “I put all my savings in this house, you know, and it was like all I had left of my past.”

Charlene's story is like so many 3 On Your Side has seen.

But, a new law effective today, July 29, aims to crack down on these practices.

The law makes it a crime for foreclosure consultants to charge homeowners up-front fees for their services.

According to the Arizona Attorney General's office, a foreclosure consultant is a person who, “directly or indirectly, makes any solicitation, representation or offer to a homeowner to perform for compensation or who, for compensation, performs any covered service that the person represents will do any of the following:

- (a) Prevent or postpone a foreclosure sale.
- (b) Obtain any forbearance from any mortgagee or beneficiary of a deed of trust.
- (c) Assist the homeowner to exercise the right of reinstatement provided in the legal documents.
- (d) Obtain any extension of the period within which the homeowner may reinstate the homeowner's obligation.
- (e) Obtain any waiver of an acceleration clause contained in any promissory note or contract secured by a mortgage on a residence in foreclosure or included in the mortgage or deed of trust.
- (f) Assist the homeowner in foreclosure or loan default to obtain a loan or advance of money.
- (g) Avoid or ameliorate the impairment of the homeowner's credit resulting from the recording of a notice of sale or the occurrence of a foreclosure sale.
- (h) Save the homeowner's residence from foreclosure.
- (i) Assist the homeowner to accomplish a foreclosure reconveyance.”

If a consultant is found to have engaged in fraudulent conduct, it's now considered a class one misdemeanor, punishable by up to a \$2,500 fine and six months in jail.

The law comes too little too late for Charlene Alexander who says she's run out of options.

“I want other people to not make the same mistake that I did. I hope that if somebody's watching that they won't,” she said.

The owner of AOM Group tells 3 On Your Side he disputes some of the facts of Charlene's case. He also says that he's had to shut his doors because of the new law due to the fact that he can no longer collect up-front fees.

The **Attorney General** has these tips for anyone looking to refinance your home loan:

- Never pay money up-front.
- Never pay your mortgage to anyone other than your lender.
- Don't sign any document without reading and understanding them.
- If you do seek help, you can find it free from a **HUD-approved non-profit housing agency**, or call the Arizona Foreclosure Prevention Helpline at 1-877-448-1211.

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