



October 10, 2008

*****CONSUMER ALERT*****CONSUMER ALERT*****

ATTORNEY GENERAL MADIGAN WARNS HOMEOWNERS FACING FORECLOSURE TO BEWARE OF MORTGAGE RESCUE FRAUD SCHEMES

*Avoid Offers to Save Homes for a Fee;
Call Attorney General's Office for Assistance*

Chicago — In the midst of the unprecedented economic crisis that has put thousands of homeowners in Illinois in serious danger of losing their homes, Attorney General Lisa Madigan today warned homeowners to look out for scam artists who claim they will help save consumers' homes from foreclosure in exchange for an upfront fee as part of a mortgage rescue fraud scheme.

"While consumers are doing all that they can to save their homes from foreclosure, it is unconscionable that con artists would prey on their vulnerabilities with these so-called 'rescue' schemes," Madigan said. "Consumers need to know that free resources are available to help them. My office dedicates staff to assist homeowners attempting to avoid foreclosure, and I urge anyone looking for help to call immediately."

Madigan's Homeowners Referral Helpline is 1-866-544-7151. Madigan also strongly encouraged homeowners to call their lenders or a U.S. Department of Housing and Urban Development-certified housing counseling agency. Helpline operators can refer callers to these agencies.

Madigan's office has learned that scam artists are contacting homeowners - as recently as this week - claiming to have the expertise and the connections to negotiate with mortgage lenders to reduce consumers' monthly payments and prevent foreclosure. These scam artists charge consumers up to \$5,000 in upfront fees for homeownership counseling and mortgage rescue services but rarely produce successful results.

As part of these rescue schemes, con artists sometimes end up stripping the equity from a home by convincing a homeowner to sign over the title of their house and then make "rent payments" to the rescue fraud scammer. The con artist typically promises to sign the home back over to the homeowner at a later date after the home value increases and/or the homeowner's credit is repaired. Usually, the con artist is long gone before the victim realizes they've lost both their home and the large amount of equity that had been established in the time they owned the home.

These schemes violate Illinois' Mortgage Rescue Fraud Act, which prohibits mortgage rescue companies from requiring payment from consumers prior to completing all the terms of a rescue contract. It also requires rescue businesses to fully disclose to a homeowner the exact terms and nature of the proposed rescue services and the homeowner's right to cancel the contract. Madigan has brought lawsuits against 15 mortgage rescue fraud companies under this statute as well as the Consumer Fraud and Deceptive Business Practices Act.

"I will continue to take aggressive action to shut down these illegal schemes," said Madigan.

Anyone who has been contacted by a rescue fraud schemer is encouraged to notify the Attorney General's office. Madigan also said that homeowners who are at any stage of foreclosure should contact her Homeowners Referral Helpline.

Homeowners also can visit Attorney General Madigan's Web site at www.IllinoisAttorneyGeneral.gov, to access the **Illinois Mortgage Lending Guide**, a resource containing step-by-step instructions for those struggling to make their loan payments and a list of HUD-certified counseling agencies that offer default counseling services. Homeowners who do not have easy access to the Internet should call the Attorney General's Referral Helpline to request a copy of the guide by mail.

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