

Troubled Homeowners Need to Steer Clear of the Forensic Loan Auditing Scam

November 29, 2010 - The chances are good that you know someone who is behind on their mortgage. Perhaps, you are even behind on your own mortgage. These days, there is nothing unusual about that. Unfortunately, anyone who is having financial difficulty is a prime target for scam artists. Given the high unemployment rate faced by the country and problems within the mortgage and housing industries, today's scam artists are hunting in a target rich environment. Their latest scam is something called a "forensic loan audit".

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Forensic loan auditors are not having any issue finding new clients. They are looking for people who are behind on their mortgages and facing foreclosure; an issue being faced by millions of families nationwide. Finding these families is relatively easy because once lenders file a notice of default - the first step in a foreclosure - it becomes a matter of public record. The information is available to anyone who knows where to look for it.

The forensic loan audit scam is both simple and effective. Once a homeowner falls behind on their mortgage, they are approached by a company that offers to audit their loan. The audit is looking for problems with the loan. Things like legal violations in the way that the loan was issued, discrepancies in paperwork, or virtually any other reason that the company can find to halt the foreclosure proceedings. Sounds good so far, right?

Now, here is where the scam comes in. The services being offered by these companies are not free. In fact, it can be very pricy involving up-front fees costing thousands of dollars and ongoing monthly retainer fees. And these fees are usually paid with few or no services ever being rendered to the victims of the scam. In the end, victims will usually lose their homes in addition to the fees they pay the scam artists.

If you are having trouble with your mortgage, you should be working directly with your lender to resolve the issue. If you don't feel comfortable doing this yourself, then you may want to consider hiring an attorney - preferably someone who you are referred to by a trusted friend or whom you have experience with yourself. Make sure you get and check the attorney's references before you sign any agreements or write any checks.

The bottom line is that homeowners facing foreclosure do have some options but they are limited. You owe it to yourself and your family to make sure that even if you do lose your home, you don't allow someone else to take the food out of your mouth and the shirt off your back at the same time.

NOTE: ABC News recently ran an interesting segment on the victims of forensic loan auditing fraud. You'll find the video below.

by Jim Malmberg

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