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## NEWS RELEASE

FOR IMMEDIATE RELEASE

April 12, 2022

### Financial Literacy Tip of the Week

#### **Mortgage Loan Modification Scams are Reappearing**

**Boise, Idaho...** As consumers look for ways to save in the face of increasing living expenses, they may be more vulnerable to scams. Home loan modification can be an avenue for some seeking to spend less on a monthly mortgage payments, however the Department of Finance is cautioning Idahoans to be aware of re-emerging mortgage loan modification scams.

At least two Idaho consumers, both of whom have filed complaints with the department, claim to have lost several thousand dollars as a result of being solicited by and contracting with unlicensed mortgage loan modification companies. In December 2021, the department issued a Cease-and-Desist order against American Integrity Partners, Inc. for unlicensed mortgage loan modification activities, including charging a fee of \$3,000 for false promises of securing more desirable loan terms. Homeowners should know how to recognize a fraudulent loan modification offer. Red flags of a fraudulent loan modification offer may include but are not limited to:

##### **Unlicensed people or companies soliciting a consumer**

It is not common for a mortgage servicer to contact a borrower and proactively offer assistance. Individuals offering these services are required to be licensed with the department. Licensed companies are listed on the department's website at <https://www.finance.idaho.gov>.

##### **Making a demand for payment upfront**

False promises to negotiate with a lender or get refinancing in exchange for an upfront fee. These companies cannot require fees or charges prior to completion of a modification – other than third-party charges or charges approved by the department.

##### **Instruction to cease communication with a current mortgage servicer, redirect monthly payments, transfer a title, or grant a "power of attorney."**

Direction to stop communicating with a consumer's mortgage loan servicer, to begin making monthly mortgage payments to a third party, instructions to transfer titles or deeds to a third party or granting a "power of attorney" to the loan modifier are all major indicators of a scam. Be careful not to sign anything you do not understand, including but not limited to contractual agreements, documents giving up title to a property, or documents agreeing to pay for a forensic audit.

If you have been the target or victim of mortgage loan modification fraud, or received a solicitation to pay upfront fees for mortgage modification services you are encouraged to file a complaint with the department by visiting: <https://www.finance.idaho.gov/complaints/>.

Homeowners searching for help, having trouble paying their mortgages, or have received foreclosure notices should immediately contact their lenders to request a loan modification or forbearance that suits their financial situation.

Free housing counseling is available through the U.S. Department of Housing and Urban Development (HUD) approved counselor network. A list of these agencies may be found at <https://www.hud.gov/counseling>. HUD also lists loan modification programs from its National Servicing Center at [https://www.hud.gov/program\\_offices/housing/sfh/nsc/lossmit](https://www.hud.gov/program_offices/housing/sfh/nsc/lossmit).

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*The Cease-and-Desist order is available on the department's website at <https://finance.idaho.gov>. Consumers can also obtain information about financial firms, professionals or products, as well as view more department press releases and other information on the internet at <https://finance.idaho.gov> or by contacting the department at (208) 332-8000 or Idaho toll-free at 1-888-346-3378.*