

Date: March 18, 2020

To: NDHFA Borrowers

From: Dave Flohr, NDHFA Interim Executive Director

Subject: Coronavirus (COVID-19) Response and Mortgage Relief Scams

North Dakota Housing Finance Agency has temporarily closed the lobby of our Bismarck office.

You still make payments using the drop box on the east side of the building. If you need a receipt, make a note on your payment and we will mail a receipt to your address on record.

You can also utilize our website, [www.ndhfa.org](http://www.ndhfa.org), to make your payment. If you do not have a web account, use the "Sign up now" link on the website to establish one. Finally, you can continue to mail your payments to us via US Mail. If you are on automatic payments, those payments will continue uninterrupted.

A reminder, payments are due on the 1<sup>st</sup> of each month and you are given a 15-day grace period. After the grace period, a late fee will be assessed. If a payment is not received by the 30<sup>th</sup> of the month, your payment will be considered delinquent and can be reported to the credit bureaus as such.

If you will be out of work for an extended period and will not be able to make your mortgage payments, contact NDHFA first. We will do everything that we can to assist you. While programs offering loan modification and reduced interest rates that were recently passed by Congress were for small businesses and do not assist homeowners directly, NDHFA can set you up on a loan repayment plan.

To setup a plan, you will be required to provide a letter from your employer stating you are not working. Once setup, NDHFA will report to the credit bureaus that your loan has been affected by a natural disaster. Note that we have contacted the credit bureaus and are awaiting an answer as to how this reporting will affect your credit rating. Because the impact may be negative, if you can make your monthly payment, we strongly encourage you to do so to avoid a negative report.

At times like this, we often see an increase in scams relating to mortgages. These scams may offer false claims of assistance including counseling or refinance. While some of these solicitations are legitimate, many are not. We recommend if you receive any information concerning your loan to speak with us, your mortgage servicer, first. We can help you determine if the offer is legitimate or not.

Finally, until further notice, we are not scheduling in-person meetings with borrowers in our office. If you need to speak to a member of our staff regarding your loan, the best way to reach us is via email, [hfaservicing@nd.gov](mailto:hfaservicing@nd.gov). Alternatively, you can call 1-800-292-8621 during office hours, 8:00 a.m. to 5:00 p.m. After 5:00 p.m., you may leave a message. A member of our staff will respond as soon as possible.

## Common Types of Foreclosure Rescue Scams

### False Claims of Counseling / Help

The fraudster asks you to pay the firm up front, or make your monthly mortgage payments directly to them and they will negotiate on your behalf with your lender. The scam artist then takes off with your money.

### Refinance / Bait and Switch

The fraudster tries to convince you that by signing for a new loan, you will be brought current on your existing loan. Instead, you find that you have signed over the title of the property to the scammer.

### Rent to Buy

The scammer tells you to transfer the title to them and you can rent the home with an option to buy the home back when you can. The fraudster then walks away with all the equity in the home and you are evicted when they stop paying the mortgage. In a variation of this, the scammer offers to find a buyer for you if you transfer the deed and move out. Upon selling the property, the two parties will split the profit. The scammer rents out the home, while the unknowing lender proceeds with foreclosure. You are still on the hook for the mortgage because transferring the deed does not transfer your mortgage obligation.

## Red Flags

- The business guarantees it can stop a foreclosure regardless of the borrower's actual circumstances.
- The business tells you to break off any contact with your lender/servicer, independent counselor or attorney.
- The business asks for payment up front, before it has performed any services.
- The business instructs you to turn over your monthly mortgage payment to it, and not your loan servicer.
- The business attempts to get you to sign over the title to your home.
- The business asks you to sign incomplete or blank paperwork or pressures you to sign a document you haven't had time to read thoroughly.
- The business promises to repay all of your defaulted mortgage payments for you.
- The business claims that title transfer will only be temporary; you will be able to reclaim your title at a later date.
- The business promises to pay off your current mortgage, even though you are currently in default, in exchange for taking out a new loan with their company.

## Tips for Avoiding Foreclosure Rescue Scams

- Work directly with the North Dakota Housing Finance Agency, your servicer — the company to whom you make your monthly mortgage payment.
- Be wary of paying someone hundreds of dollars for a service you can get for free directly from the North Dakota Housing Finance Agency or a non-profit HUD approved counselor.
- Be wary of paying upfront fees for promised future services.
- Know what you are signing and don't sign blank or incomplete documents.
- Make sure an independent attorney reviews any document that transfers the title to your home and that you obtain the North Dakota Housing Finance Agency's approval to transfer title (such as with a short sale or mortgage assumption).

## How to Report Foreclosure Rescue Scams

- Contact the North Dakota Housing Finance Agency at 701-328-8080, 1-800-292-8621 or [hfaservicing@nd.gov](mailto:hfaservicing@nd.gov).
- Inform the North Dakota Attorney General's office or local law enforcement (police, sheriff, etc.).
- Visit the FBI web site at <https://www.fbi.gov/investigate/white-collar-crime/mortgage-fraud>