



TYPICAL REAL ESTATE FRAUD SCHEMES

MORTGAGE FRAUD

Mortgage Fraud includes a buyer and/or broker lying about who is the borrower, the income of the borrower, the assets of the borrower, and/or what the borrower will do with the home, in order to get a home loan or commission they would not have otherwise gotten if they told the truth.

PROPERTY FLIPPING

Property is purchased, fraudulently appraised at a higher value, then quickly sold at a much higher price than it's worth. The innocent buyer is left with an unaffordable mortgage on an over-valued home.

EQUITY SKIMMING

A criminal uses a "straw buyer" - either someone who is in on the scam or an innocent victim of identity theft - to obtain a mortgage loan in the straw buyer's name. After closing, the crook skims the loan proceeds and even rents the property out. But the criminal makes no mortgage payments and the property eventually forecloses.

FORECLOSURE FRAUD

A criminal convinces a victim facing foreclosure to sign over the deed in exchange for a promise to keep the mortgage current. The victim is told he/she can rent the home while they rebuild their financial stability and then the crook will transfer the home back at a later time. The criminal makes little or no payment on the mortgage and collects rent. Sometimes they may obtain another mortgage on the home to skim any remaining equity. The home is eventually foreclosed on and the victim is out of a home, title, and rent payments.

PONZI SCHEME

There are many variations of investor fraud, or "Ponzi" schemes, but typically a victim is approached with the promise of amazing returns for investment in land opportunities. Initial investors are paid with subsequent investors, until there are no further investors and the scheme collapses. Usually the land has no value or was never invested in. The money is often used to finance houses and cars for the criminals.

KNOW WHO YOU ARE WORKING WITH AND WHAT YOU ARE AGREEING TO

Everyone in the process - agent, broker, appraiser, lender, escrow officer - must have a license and good reputation. Check on each of them by contacting the agency governing their license. Also ask them for references to validate their legitimacy.

Have EVERYTHING in writing. Even if you are having a "friend" broker a deal for you, make sure you have all representations and understandings in writing. "I was told something" is not very good evidence of your transaction. Demand copies of all documents *before* you sign them.

Understand every document you sign and receive. How often do you sign documents you never actually read? That's what the fraudster counts on. Read it, and ask questions if you don't understand it. If they say "don't worry about it" - then worry! If you can, have an attorney or experienced professional review your transaction.

Do not fall prey to criminals when you are facing foreclosure. Someone offering to "save your house from foreclosure" is usually a scam artist. Try to negotiate with your lender directly.

BE AWARE OF THE RED FLAGS

Is someone asking you to sign a deed transferring your ownership? Waiting to the last minute to bring you documents and rushing you to sign them? Asking to sign documents not completed? Asking for "up-front" fees before they perform any service? Asking for your personal identifying information over the phone? Telling you they can save your house by avoiding or forestalling foreclosure? These are all signs of fraudulent activity.

DON'T BECOME A VICTIM OF IDENTITY THEFT. You may have a mortgage and not even know it! Limit the amount of personal information you give to others. Shred your mail after you open it. Order your credit report periodically to see if any unauthorized accounts have been opened.



IF YOU BELIEVE YOU ARE A VICTIM OF REAL ESTATE FRAUD

You can file a complaint with the District Attorney's Office. The complaint form is available online by accessing the DA website at www.rivcoda.org. Click on "resources" then "consumer information". You will see a link to download the Special Prosecution Complaint Form. Or you can call the Fraud Hotline at 1-877-723-7779 and ask that a form be mailed to you.

Complete the form with all pertinent information and return it to our office. Include with the form a statement detailing all parts of the transaction, including names, dates, and contact information for everyone involved. Also include copies of all documentation you have regarding the transaction.

RESOURCES

Department of Real Estate
www.dre.ca.gov

Department of Corporations
www.corp.ca.gov

Office of Real Estate Appraisers
www.orea.ca.gov

Contractor's State License Board
www.cslb.ca.gov

California State Bar
www.calbar.org

Riverside County Clerk-Recorder
Obtain copies of deeds, liens, and other recorded documents. Call 486-7000 or visit www.asrclkrec.com

Southwest Riverside County Association of Realtors®
www.srcar.org

Inland Valleys Association of Realtors®
www.ivaor.com

Riverside County District Attorney's Office
3960 Orange Street
Riverside, CA 92501



Real Estate Fraud in Riverside County

DON'T BECOME A VICTIM OF REAL ESTATE FRAUD

Owning a home is a dream come true. With Riverside County being one of the fastest growing counties in California, nowhere is there a better place to make that dream a reality. However, it is also a place where the unscrupulous few try to steal that dream through real estate fraud and property scams.

The Riverside County District Attorney's Office is committed to investigating and prosecuting those who prey on the citizens of Riverside County. The following information is provided to assist you in recognizing common fraud scams and what you can do about it!