Improving Public Safety Quantitative Survey Results on Mortgage Fraud Victimization and the Road to Recovery

A webinar by the National Crime Prevention Council and the Office for Victims of Crime, U.S. Department of Justice

For Audio:
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- I will relay your question verbally to the presenter.
- There will be an audio question/answer session at the end of the presentation.

Webinar Recording

- This webinar is being recorded.
- The recording will be available on NCPC's website after the webinar

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Improving Public Safety Quantitative Survey Results on Mortgage Fraud Victimization and the Road to Recovery

Guest Presenters

- Research and Findings
  Chris Moessner and Associates (GfK Research)

- Road to Recovery and Victim Assistance
  Chuck Sczuroski, NCPC Senior Trainer

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The Research

Chris Moessner and Associates (GfK Research)

Agenda

- Research Objectives
- Research Methodology
- Overarching Findings
- Strategic Insights from Surveys
  - Mortgage Fraud
- Open Table Discussion

Research Objectives

- Quantify attitudes and perceptions across key target audiences
- Measure behavior of key audiences
- Identify personal motivations

Research Methodology

- Conducted a series of quantitative surveys:
  - Nationally representative sample of 750 adults 18 and older
    - Overall margin of error for sample size of 750 = +/- 3.58 percentage points at the 95% confidence level
    - Survey length = 14 minutes
    - Final data set weighted to be representative of the adult population
    - Data was collected using an online survey using sample obtained from E-rewards and SSI

Research Methodology

- Mortgage fraud survey: N=255
  - Those who have purchased a home or gone through refinancing in the past 12 months
  - 15 minute survey

Improving Public Safety Quantitative Survey Results

Mortgage Fraud

Mortgage Fraud Question Responders

	Number
First time purchase of a home or condominium	77
Refinanced current mortgage in past year	178*
Total Respondents	255**

*Includes 13 respondents who tried to avoid foreclosure through refinance or short sale negotiations with mortgage lender

*Includes 1 person who signed over deed to home as part of a reverse mortgage plan

**2% of sample claim to have paid money to someone who promised to guaranteed to help credit by creating a new identity or new credit record?

May 2011 | Adults: *N=255*

Psychographic Characteristics	% Agree
I am the kind of person who likes to get a good bargain	92%
I am the kind of person who worries about scams and rip-offs	71%
I always read contract carefully, including the fine print, before I sign any contract	61%
I am the kind of person who quickly reads through contracts so I can sign on the bottom line and be done with the purchase process	24%
Many times I feel that I have little influence over things that happen to me as a consumer	23%

May 2011 | Adults: *N=255*

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Psychographic Characteristics	% Agree
I am the kind of person who will occasionally over-look warning signs or concerns about sales facts if I think it is going to benefit me in the end	20%
I am the kind of person who sometimes falls for sales messages that sound too good to be true	11%
Advertisements are reliable sources of information about the quality and performance of a product or service	10%
Advertisements usually present a true picture of the products and services advertised	8%
I am the kind of person who gives in easily when someone is pressuring me	8%

May 2011 | Adults: *N=255*

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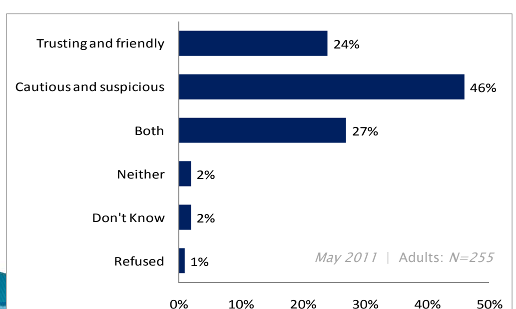
Nearly Half Believe They are Cautious and Suspicious When Dealing with Persons Unknown to Them

Q. In general, thinking about how your close friends or family would be most likely to describe the way you deal with people you DO NOT KNOW, would they be more likely to describe you as being…



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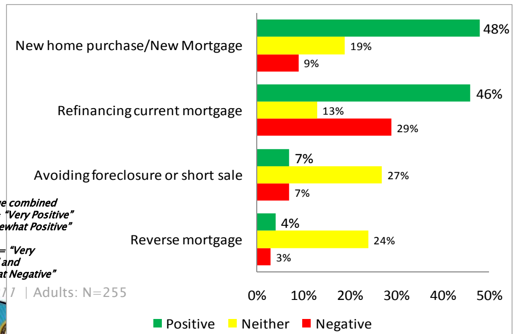
Home Buyers and Refinancers Hold Largely Positive Feelings About Experience

Q. How would you characterize your overall experience in obtaining your (mortgage/refinance) (Very positive, Somewhat positive, Neither Positive or Negative, Somewhat Negative, Very Negative)



Percentage combined Positive = "Very Positive" and "Somewhat Positive"; Negative = "Very Negative" and "Somewhat Negative"

May 2011 | Adults: N=255

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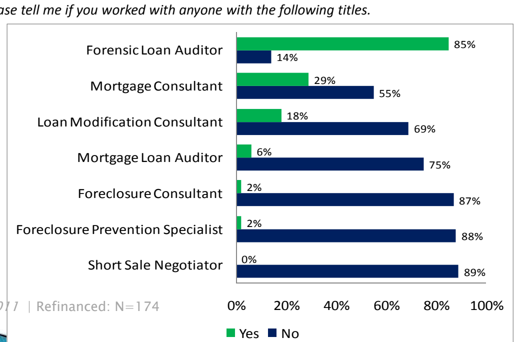
Most Refinancer Staying Away from Bogus "Consultants"

Q. Please tell me if you worked with anyone with the following titles.



May 2011 | Refinanced: N=174

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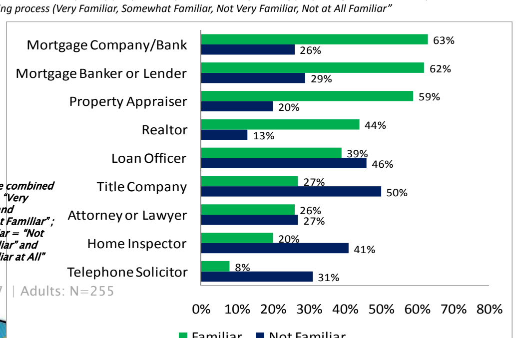
Home Buyers/Refinancers Not Familiar with Key Decision Makers and Paperwork Agents

Q. How FAMILIAR would you say you personally were with the following people/organizations in the purchase/refinancing process (Very Familiar, Somewhat Familiar, Not Very Familiar, Not at All Familiar"



Percentage combined Familiar = "Very Familiar" and "Somewhat Familiar"; Not Familiar = "Not Very Familiar" and "Not Familiar at All"

May 2011 | Adults: N=255

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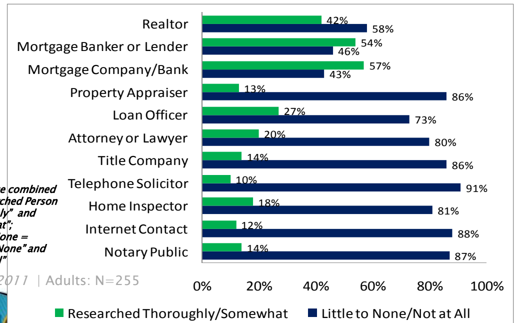
Home Buyers/Refinancers Did Not Do Research on Most Key Players

Q. To what extent did you research or do your homework on the following people/organizations in your home buying/ refinancing experience?



Percentage combined = "Researched Person Thoroughly" and "Somewhat"; Little to None = "Little to None" and "Not at All"

May 2011 | Adults: N=255

Some in Need of Help Were Asked to Pay Fees for the Promise of Help

Q. Please tell us which of these things, if any, happened to you during your new home purchase/refinancing/avoid foreclosure experience? (Yes or No)

	% Yes	% No
Were you asked to wire money or write a check to anyone or organization before you signed any papers/contracts?	11%	86%
Were you asked to wire money or write a check to anyone in return for the promise of help?	3%	94%
Were any undue pressures or tactics used to make you act immediately on the mortgage or refinancing offer?	10%	88%

May 2011 | Adults: N=255

Some in Need of Help Were Asked to Pay Fees for the Promise of Help (continued)

Q. Please tell us which of these things, if any, happened to you during your new home purchase/refinancing/avoid foreclosure experience? (Yes or No)

	% Yes	% No
Did anyone require that they have direct access to your bank account or credit card for payment purposes?	7%	90%
Did anyone tell you that you could save your home if you sign or transfer over the deed to your house?	2%	95%
Were you asked to make a mortgage payment to another company, not your mortgage lender?	3%	95%
Did anyone advise you to stop paying your mortgage during the process and pay them instead?	3%	96%
Did anyone ask you to pay a fee (processing or administrative) in advance to work with your lender to modify, refinance or reinstate your mortgage?	9%	88%

May 2011 | Adults: N=255

Most Promises Made in Written Form; Most Read the Documents They Signed

Q. *Please tell us which of these things, if any, happened to you during your new home purchase/refinancing/avoid foreclosure experience? (Yes or No)*

	% Yes	% No
All promises made to you about the offer were in written form	74%	19%
Some of the promises made to you were in verbal form, not in written form	16%	76%
I read all the documents thoroughly, truly understanding everything I was reading	69%	24%
Did you understand all the documents you were asked to sign?	76%	14%

May 2011 | Adults: *N=255*

Most Were Not Asked, Nor Do they Admit, to Inflating the Value of their Home or Their Assets

Q. *Please tell us which of these things, if any, happened to you during your new home purchase/refinancing/avoid foreclosure experience? (Yes or No)*

	% Yes	% No
Did the loan officer ask you any questions that made you question their legitimacy or honesty?	6%	91%
Did you inflate the value of the home?	2%	95%
Did anyone encourage you to inflate the value of the home?	3%	94%
Did you inflate your income and assets in order to be more credit worthy?	2%	95%
Were you asked to inflate the value of your home?	3%	95%
Do you think that your mortgage consultant misrepresent the value of the home to the lender?	5%	91%

May 2011 | Adults: *N=255*

Most Did Not Fall for Mortgage Scams; But "Government Approved" Loan Modification Programs Can Trick Consumers

Q. *Please tell us which of these things, if any, happened to you during your new home purchase/refinancing/avoid foreclosure experience? (Yes or No)*

	% Yes	% No
I received an unsolicited offer to help keep my home from going into foreclosure	9%	83%
Did anyone guarantee you that they could stop a foreclosure or get your mortgage loan modified?	7%	90%
Did anyone offer you a "government approved" or "official government" loan modification program?	12%	85%

May 2011 | Adults: *N=255*

Most Did Not Fall for Mortgage Scams; But "Government Approved" Loan Modification Programs Can Trick Consumers

(continued)

Q. Please tell us which of these things, if any, happened to you during your new home purchase/refinancing/avoid foreclosure experience? (Yes or No)

	% Yes	% No
Did an auditor or advisor ask to review your mortgage loan documents to determine if your lender complied with state and federal mortgage lending laws?	5%	89%
Did someone convince you to sign documents for a "new loan modification" that will make your existing mortgage payment current?	4%	93%
Did anyone ask you to surrender the title or deed to your home as part of a deal that will allow you to stay in the house as a renter and then buy the home back in a few years?	2%	97%

May 2011 | Adults: N=255

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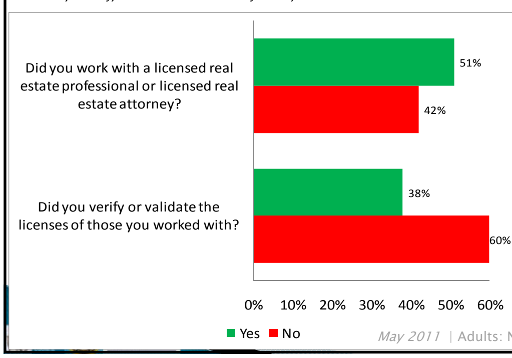
Home Buyers and Refinancers Did Not Validate Licenses of Real Estate Professionals

Q. Did you work with a licensed real estate professional or licensed real estate attorney? Did you verify or validate the licenses of those you worked with?



May 2011 | Adults: N=255

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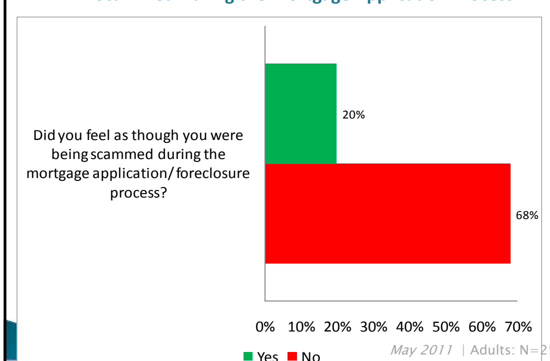
One in Five Home-buying Consumers Felt They Were Being Scammed During the Mortgage Application Process



May 2011 | Adults: N=255

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Most Did Not Fall for Mortgage Scams; But "Government Approved" Loan Modification Programs Can Trick Consumers

Q. What made you think you were being scammed? Specifically, what behaviors or sales promises made you believe you were being scammed?

	Percent
Promise seemed fake	28%
Process was too slow	14%
Bad customer service	10%
Lack of information from the lender	8%
The staff was bad/confusing	4%
Other	37%
None	2%
Refused to comment	2%

May 2011 | Adults: *N=51*

Most Did Not Fall for Mortgage Scams; But "Government Approved" Loan Modification Programs Can Trick Consumers

Q. What did you do once you realized you were being scammed? What actions did you take to avoid being scammed? Multiple Response is Okay

	Percent
Complained to the mortgage lender	35%
Stopped talking/dealing with the company	33%
Complained to family or friends/to family or friends to not use the service	22%
Complained to the person who was scamming you	20%
Did Nothing	18%
Asked for a refund	16%
Consulted a lawyer or other professional	14%
Other	10%
Stopped payment or refused to pay the fees	8%

May 2011 | Adults: *N=51*

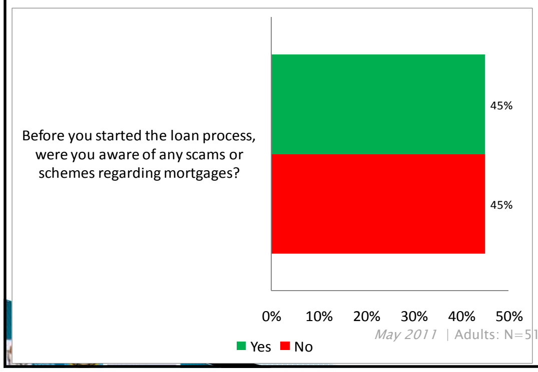
Most "Scammed" Consumers Reported Incident to Their Mortgage Lender

Q. Please indicate which organization or agency your reported the scam/scammer to?

	Percent
Mortgage lender	59%
An "unnamed" government agency	16%
My personal lawyer	12%
The Better Business Bureau	10%
State Attorney General	6%
Fannie Mae	4%
US Department of Justice (DOJ)	2%
Local Police	2%
Local Newspaper	2%
Local TV News station	2%
www.hopenow.com/888-995-HOPE	2%

May 2011 | Adults: *N=51*

One Half of "Scammed" Consumers Were Aware of Mortgage Scams and Schemes Going Into the Application Process



May 2011 | Adults: N=51

Local News and Internet Primary Sources of Scam Awareness

Q. Where did you hear about these scams?

	Percent
Local television report/investigation	37%
From the Internet	29%
From a friend or family member	14%
From a newspaper story	12%
From a magazine article	4%
From a mailer or advertisement delivered to your home	4%

May 2011 | Adults: N=51

Scammed Consumers would Ask More Questions and Work with a Professional Next Time

Q. What are the tips and tricks that could have helped you more easily get through the mortgage application process/ refinancing process/ foreclosure process to avoid being scammed?

	Percent
Ask for more information at the beginning	14%
Don't fall for the scam	6%
Get help from a real professional	4%
Be more aware of scams	4%
Do more research on mortgages/mortgage scams	4%
Only deal with a known firm	2%
Other (miscellaneous)	31%
I Don't Know	22%
Refused to answer	14%

Adults: N=51

Overarching Findings – Mortgage Fraud

- Most consumers are not familiar with many key players in the home buying, mortgage application, or refinancing process. Most have not thoroughly researched the professionals with which the are working.
  - Only 51% of those we spoke with say they worked with a licensed real estate professional or lawyer. And, only 38% validated a license.
  - Percent researched thoroughly: Mortgage company/lender 24%, Realtor 13%, Loan Officer 8%, Attorney/Lawyer 5%, Appraiser 4%, Home Inspector 4%, Title Company 3%

Overarching Findings – Mortgage Fraud (continued)

- Fully one in five consumers (20%) felt they were being scammed during the process.
  - The signs of a scam: promises seemed fake, process seemed slower than normal, bad customer service and a lack of information during the process.
  - About half of the "scammed" claim they were aware of scams and schemes prior to starting the process.
  - They reported the scams to their mortgage company, a personal lawyer, the BBB, friends and family, local press (print and TV), and some state and federal agencies.

Overarching Findings – Mortgage Fraud (continued)

- Psychographics:
  - 92% agree that they like to get a good bargain
  - 24% say they are trusting and friendly when it comes to the way they deal with people they don't know; 46% say they are cautious and suspicious; 27% are both trusting and cautious
  - 24% agree that they quickly read through contracts so they can sign on the bottom line and be done with the process

Overarching Findings – Mortgage Fraud (continued)

- **Psychographics:**
  - Only 61% say they always read contracts carefully, including the fine print, before signing
  - 11% agree that they fall for sales messages that sound too good to be true
  - 20% agree that they will occasionally over look warning signs or concerns about sales facts if they think it will benefit them in the end

Overarching Findings – Mortgage Fraud (continued)

- **What is happening in the marketplace:**
  - 12% were offered "government approved" or "official government" loan modification programs
  - 19% said promises were not in written form; 16% said promises made verbally
  - 11% were asked to wire money or write a check before contracts were signed
  - 7% were required to allow their lender to have direct access to their bank account or credit card for payment purposes

Overarching Findings – Mortgage Fraud (continued)

- **What is happening in the marketplace:**
  - 9% were asked to pay a fee in advance to work with their lender to modify/ refinance/reinstate their mortgage
  - 7% were guaranteed by someone that they could stop a foreclosure or modify a loan
  - 10% claim that undue pressures/tactics were used to make them "act immediately" on an offer

Road to Recovery

Mr. Chuck Sczuroski
National Crime Prevention Council

Re Flags Revisited

- You will be asked for fees in advance.
- You may be pressured to make misleading income statements on loan documents.
- They will guarantee they can stop a foreclosure or get your loan modified.
- They will tell you to stop paying your mortgage company and pay them instead.
- You may be pressured to sign documents that you don’t understand

Help is on the Way

The Fraud Enforcement and Recovery Act, passed by Congress and signed by President Barack Obama in May 2009, allocates $490 million over two years to increase the number of Justice Department prosecutors and investigators handling mortgage fraud cases.

It enlarged the department’s criminal, civil and tax divisions; and enlarges the FBI mortgage-fraud task forces.

Road to Recovery

To assist victims to begin the steps to recovery

- **REPORT IT:** www.stopfraud.gov
  www.preventloanscams.org
  1-800-CALLFBI

Road to Recovery (continued)

To assist victims to begin the steps to recovery

- HUD Approved Housing Counseling Agencies

  Call:
  1-800-347-3735 HUD Office of Inspector General

  Website:
  http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm

Road to Recovery (continued)

To assist victims to begin the steps to recovery

- HOPE Now Alliance
  Call: 1-888-995-HOPE for free counseling services
  Website: www.preventloanscams.org
  Email hotline@hudoig.gov

- NeighborWorks America
  Website: www.nw.org

NCPC Mortgage Fraud Work

- www.ncpc.org/mortgagefraud

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NCPC Mortgage Fraud Work

- Audio Podcasts
- Webinars
- 1-day Virtual Conference – April 10, 2013
- Outreach tools (flier, palm card, poster sets)
  - Mortgage fraud victimization
  - Mortgage fraud prevention
- Online Video (News Segment)
- Mortgage Fraud Toolkit for Victim Service Advocates
- TV and Radio Public Service Announcements

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Podcast Interviews Available

- Mortgage Fraud Scams
  Charles Sczuroski, NCPC senior trainer
- Foreclosure Scams
  Charles Sczuroski, NCPC senior trainer
- Using Short Sales to Avoid Foreclosure and Mortgage Fraud, Mary Collins, Prudential Realty
- Financial Crimes Enforcement Network
  James Fries, past director

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Webinars Available for Downloading

- Understanding Mortgage Fraud, NCPC
- Help for Victims of Mortgage Fraud: The Financial Fraud Enforcement Task Force, guest presenters representing the Department of Justice, US Trustee’s Program, HUD OIG, OIG Federal Housing Finance Agency, OIG Department of the Treasury, FBI
- The Fight Against Distressed Homeowner Fraud, Lawyers’ Committee for Civil Rights Under Law
- Unfair and Abusive Mortgage Loan Servicing Practices, National Fair Housing Alliance

Mortgage Fraud Toolkit

WHO IS THE AUDIENCE?

- Victim Service Providers, Attorneys, Law Enforcement Agencies, and Victim Service Advocates

WHAT WILL THE KIT INCLUDE?

- Tips, fliers, and information to share with mortgage fraud victims
- List of credible organizations to refer mortgage fraud victims
- Step-by-step guide to assist mortgage fraud victims through recovery process
- Podcast interviews and webinars
- PPT presentation for VSP and other allied professionals to use during meetings, trainings, and/or conferences relating to mortgage fraud

RADIO PSA SCRIPTS

- All Shapes and Sizes – warns listeners about loan modification scams
- Homework – protect listeners from scammers who claim they want to save victims' homes from foreclosure:

For more information contact:
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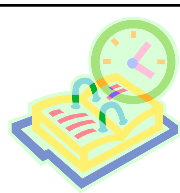
Next Webinar



- Date: **May 16, 2013**
- Time: 2:00 – 3:00 pm ET,
- Topic: Mortgage Fraud: the Importance of Intake and the Psychological/Behavioral Affects on Victims. Also, the FINRA/NCVC Partnership
- Guest Presenter: FINRA (Financial Industry Regulatory Authority)

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QUESTIONS AND ANSWERS

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For more information

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