



CITY OF PORTLAND, OREGON



Bureau of Police

Tom Potter, Mayor

Rosanne M. Sizer, Chief of Police

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March 22, 2007

RE: REAL ESTATE SCAMS THAT MAY AFFECT YOU

Dear Homeowner,

This letter is being sent to you because your home is listed on the Notice of Default List. This list consists of names and addresses of homes in our area whose owners are behind on their payments. This list is compiled by Title Companies and distributed to many people in the real estate industry, some of whom prey on individuals in financially compromised positions. The purpose of this letter is to alert you to some of the various real estate scams in an effort to prevent you from becoming a crime victim.

FORECLOSURE BAIL-OUT:

The most common scam involved in real estate is the foreclosure bail-out. A helpful person calls, and in a sympathetic and helpful manner says he or she can eliminate the foreclosure problem. The homeowner receives cash at closing, signs a deed over to the scammer, who offers to let the seller live in the house. The former homeowner is given the option to purchase the home back later. The scammer obtains the house for pennies on the dollar and when the former homeowner falls behind on rent, he/she is kicked out.

MORTGAGE ELIMINATION SCAM:

In the mortgage elimination scam, a homeowner is approached with an offer to eliminate the homeowner's mortgage by using "special" paperwork or a "little known process" used by wealthy people. The scammer creates some "special" paperwork after the homeowner pays a small fee. The paperwork appears to eliminate the mortgage and the proper documents appear to be recorded. The problem arises much later, when the homeowner is in default on their loan. There is no "special" paperwork that can eliminate your mortgage. The only way to eliminate a mortgage is to pay it off.

EQUITY SKIMMING

In the equity skimming scam, someone offers to purchase property at a price higher than its true value. Sometimes this happens when a mortgage person knows "just the right appraiser" who will appraise the home at more than it is worth. The problem occurs if the homeowner needs to sell the home, but can't because the home has no equity. In other cases, equity skimming can be done by both parties agreeing to raise the selling price to cover the buyer's closing costs, pay various fees, and get cash back at closing. The loan is for more than the house value, effectively skimming all of the equity out of the home.

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Police Information Line: 503-823-4636, TTY (for hearing and speech impaired): 503-823-4736 Website: <http://www.portlandpolicebureau.com>

While there are many websites that address these various scams, including:

www.fraudproblem.com

www.mortgagefraud.com

www.mortgagenewsdaily.com

In addition, the following State of Oregon agencies can also be a resource for citizens:

Mortgage Broker regulations:

Oregon Department of Consumer and Business Services,

Division of Finance and Corporate Securities

503-378-4140 or www.dfcs.oregon.gov

Appraiser Certifications:

Oregon Appraiser Certification and Licensure Board

503-485-2555 or www.oregonaclb.org

Escrow Officers and Realtors:

Real Estate Agency

503-378-4170 or www.oregon.gov/rea

We want our citizens to keep their homes and their equity for themselves and their families. Sometimes fraud victims are embarrassed that they have fallen for these scams. But many people involved in fraud are skilled at what they do and victims should know they are not alone in falling prey to scams. If you know of someone who may have been a victim of one of these scams, or if you are solicited in what sounds like a fraudulent transaction, please call the Portland Police Bureau Fraud Detail at 503-823-0256.

Sincerely,



ROSANNE M. SIZER

Chief of Police