



If you are like most homeowners, your house is your most valuable investment. As a homeowner you have to be very careful to protect your investment or you may become the victim of schemes to steal your money, your equity, or even your house. This brochure will help you recognize equity theft and title conversion scams and avoid them.

### What is your Home Worth?

Your house may be worth more than you realize. Even if you are still making mortgage payments, you already own something very valuable: equity. Equity is the fair market value of your house minus any mortgage or liens. Your equity increases as you pay down the principal balance on your mortgage, as you make improvements to your home, and as property values rise in your neighborhood. So, the longer you have lived in your house, the more equity you probably own.

Suppose you bought a home for **\$60,000 in 1980** and you still owe about **\$29,500** on the mortgage. Over the years, you have added a new roof, a screened porch and a central air conditioning system. An appraiser has recently valued your house at **\$150,000**. How much equity do you have?

Fair Market Value	<b>\$150,000</b>
- Mortgage Balance	<b>\$ 29,500</b>
Equity	<b>\$120,500</b>

That's over \$120,000 that belongs to you, which an equity thief would love to steal!

### Scams

Equity predators know how much your home is worth and have devised numerous schemes to turn your equity into their money. Some equity thieves approach you when you are concerned about your investment - when you are behind in your mortgage payments or your home needs expensive repairs. Others lure you in by promising to reduce your debt through debt consolidation or refinancing.

**Title conversion** scam artists simply trick you into signing away the title to your home, most often by promising to save your house from foreclosure.

**Home improvement fraud** is perhaps the most common scam. Be extremely careful if you are solicited for a new roof or other home repairs by phone or by a door-to-door salesman. Many of these contractors are crooks who will grossly overcharge you for their services and steer you to a high-cost mortgage lender to finance the repairs. The contractor pockets the loan proceeds and performs shoddy, incomplete work or no work at all, and you're left paying off the mortgage loan for years to come.

**Debt Consolidation** is another popular scam to steal your equity. Either a mortgage broker or a lender will contact you and offer to pay off your debts with a single mortgage loan. Watch out, though, because this single loan is almost always more expensive over the long run than all your previous debts combined. Often the mortgage broker or lender pressures you to borrow more money than you really need to pay off existing debts because the more you borrow, the more they profit. You'll most likely wind up further in debt than you were to begin with, and if you default on the mortgage loan you could even lose your home.

**Loan flipping** is an especially devious scam that usually follows on the heels of one of the others. A short time after you take out a mortgage loan, your lender might contact you and offer to refinance your loan, promising to make the terms more affordable. However, the lender usually flips you into a new loan just as bad or even worse than the one before. Each time you get flipped the lender charges a new set of fees, increases your total debt and extends your period of indebtedness. You either lose your house to foreclosure or end up with payments so high you spend every cent of your income in a desperate struggle to hold onto your home.

**Foreclosure assistance fraud** is the most common title conversion scam. Suppose you are in default in your mortgage loan and facing foreclosure. A crook approaches you and offers to lend you enough money to catch up the back payments and save your home. You sign the papers, believing that you are getting a loan. But the papers actually say that you are selling your house to the crook for the price of the loan! The crook gets the deed to your house and you get evicted.

### Protect Yourself

Home thieves and equity predators offer you help when you are most financially vulnerable and likely not to exercise good judgment. But their kind of help is the last thing you need. Here are a few rules which may help to keep you from losing your home.

**Do not borrow money that you do not absolutely need.** If you must borrow, go to a bank or other conventional mortgage lender. If you can't get a conventional loan, get advice about other options from your local nonprofit housing counseling agency. Seniors should ask specifically about reverse mortgages.

**Get an expert (a lawyer or housing counselor) to examine all loan documents and contracts with you before you sign.** Make sure that what the lender, broker or contractor has promised is actually in the written agreement, and that the agreement does not include fees or costs you don't understand.

**There are several metro-area organizations that provide grants or direct services for home repairs and improvements.** Call your housing counseling center for more information. Seniors can also call the Senior Hotline of the Atlanta Legal Aid Society for information about home repair programs for older homeowners.

If you or someone you know has been a victim of a housing scam, or if you are considering a mortgage loan or any other transaction involving your property, call a private lawyer, Atlanta Legal Aid and/or one of the following organizations immediately.

**DeKalb Metro Housing Counseling Center  
(404) 508-0922**

**Cooperative Resource Center  
(404) 521-9092**

**Contact these agencies to make a complaint:**

**Georgia Department of Banking and Finance, Mortgage Lender and Mortgage Broker Licensing Division (770) 986-1269)**

**Governor's Office of Consumer Affairs  
(404) 651-8600**

**Federal Trade Commission (404) 656-1399**

## Contact Us

DeKalb County  
246 Sycamore Street  
Suite 120  
Decatur, GA 30030  
(404) 377-0701

Clayton County Pro Bono Project  
1000 Main Street  
Forest Park, GA 30050  
(404) 366-0586

Cobb County  
30 S. Park Square  
Marietta, GA 30090  
(770) 528-2565

Fulton County  
151 Spring Street, N.W.  
Atlanta, GA 30303  
(404) 524-5811

South Fulton &  
Clayton Counties  
1514 East Cleveland Avenue  
Suite 100  
East Point, GA 30344  
(404) 669-0233  
(Wagon Works Building)

Gwinnett County  
180 Camden Hill Road  
Suite A  
Lawrenceville, GA 30045  
(678)376-4545

For TTD/TTY users, call the Georgia Relay Center at (800) 255-0135.



# Equity Theft

Atlanta Legal Aid Society, Inc.