

Consumers struggle with mortgages, foreclosures

My office often receives complaints involving home mortgages. Many of those complaints come from consumers who encounter a foreclosure scam. For example, con artists have been known to purchase lists of homeowners who are facing foreclosure. The frightened consumers are then peppered with offers of assistance to "save" or "rescue" their home.

Be aware that many consumers have signed what they believed to be paperwork for a "home rescue" loan only to discover that they have sold their homes for a fraction of the fair market value. Do not sign a contract you do not fully understand.

Last year, my office shut down City Mortgage Services, Inc. (not connected to CitiBank or CitiMortgage) for running a "debt reduction" scam in which homeowners made payments to the company thinking the money would be used to pay off their mortgages ahead of schedule. Instead, City Mortgage, which had offices in Austin, Dallas, Fort Worth and Houston, simply kept the consumers' house payments and allowed their mortgages to go into default.

We have also heard about companies that claim to be able to get your mortgage "released" by the holder for a fee of \$2,000. Needless to say, your mortgage cannot be dismissed for a fee that is less than the amount remaining to be paid on your loan.

These cases often start when the

CONSUMER CORNER



consumer goes through a period of financial difficulty and misses a house payment. Once the consumer has missed a payment, the mortgage company may begin to charge late fees. If a late fee or penalty is deducted from your next payment, you may fall short again, earning yet another penalty. The situation can quickly spiral out of control.

Most mortgage companies will make an effort to work with homeowners to develop a plan for catching up after they fall behind. Some lenders may not be so helpful.

The most important thing to remember is that you simply must, if at all possible, make that mortgage payment on time. In most cases where homeowners end up losing their homes, the whole problem began with a single missed payment.

In many cases, homeowners' loans change hands and the new mortgage company raises the payments or adds new fees and different requirements that the consumer neither expects nor agrees to.

If you feel you have been deceived or cheated in your negotiations with a mortgage company, you should file complaints with my office, the Federal

Trade Commission, and the U.S. Department of Housing and Urban Development.

Homeowners with problems that could result in mortgage default or foreclosure on their property should also consider contacting a HUD-approved housing counseling agency.

If you are involved in a dispute with your mortgage company, you should not deliberately withhold your mortgage payment. File a complaint and consult a private attorney, but do not default on your loan. You could lose your home.

Don't fall for tax scams

Tax season always seems to remind us of Benjamin Franklin's famous adage about the certainty of "death and taxes." Tax-related scams also spring up during this time of year, but the good news is that, unlike taxes, these schemes are avoidable.

Many businesses offer legitimate services preparing tax returns for those who don't have the time, the experience, the desire or the confidence to prepare the forms themselves. However, some unscrupulous operators prey on this need with

deceptions that could cost you money and, worse, cause you serious problems with the Internal Revenue Service (IRS). For instance, some businesses promise an "immediate refund" of your taxes, but generally the so-called "instant refund" is simply a loan.

Carefully read the fine print in any ad for this kind of service. The fees and interest for instant-refund loans can be quite high, so you should consider whether it would be better to fill out the tax refund paperwork yourself. If you can wait a little longer to receive a refund directly from the IRS, free of charge, you will be a lot better off.

Be extremely careful if someone who provides tax preparation services assures you they can obtain a larger refund for you. Some bogus tax return businesses promise larger "refunds" and deliver them only by adding phony deductions and making false claims on your return.

Before signing a return that has been prepared for you, you should review it carefully to make sure all the information it contains is truthful, especially concerning your income and deductions. Any errors or fabrications are your responsibility and you may have paid a hefty fee for a worthless service. You will have to return any refund money that you obtained by filing false information and you will owe interest and penalties.

Of course, you should also beware of any tax preparer who tries to get you to sign your return without carefully reading it, or who does not want

See **TAX SCAMS**, Page 66



Safe,

Not Locked In

The **GECU SmartStep CD** lets you invest at today's rate, and then change to the prevailing rate when you decide the time is right. With the **SmartStep CD**, you can lock up a good investment without feeling locked in.

NOW you can choose from two flexible SmartStep CD options:

5-year term*

(Rate may be **changed twice** during term.)

5-year option is available through April 30, 2006.

2-year term*

(Rate may be **changed once** during term.)

\$2,500 to open

SmartStep CD

A safe investment without fear of commitment.

For current rates, log on to SmartBranch at www.gecu-ep.org and click on "Current Rates". Or, call SmartCall at 778-9221.



Penalty for early withdrawal. \$2,500 minimum deposit required to open SmartStep CD. Rate may be changed to prevailing rate one time during the two-year term account; twice during the five-year term account. *The 5-year option is available until April 30, 2006. Anyone living or working in El Paso County or in Doña Ana County not more than 25 miles from our 1500 North Resler office is eligible for GECU membership.

