

If you believe you are a victim of real estate fraud, please contact the Sacramento County Sheriff's Department or the Sacramento County District Attorney's Office.

Sacramento County Sheriff's Department

Hi-Tech Crimes
Real Estate Fraud Unit
4510 Orange Grove Avenue
Sacramento, CA 95841
(916) 874-3018

Sacramento County District Attorney

Special Investigations
Real Estate Fraud Unit
901 G Street
Sacramento, CA 95814-1858
(916) 874-9045

You may also find help at these agencies & organizations:

CALIFORNIA DEPARTMENT OF REAL ESTATE (DRE)
2201 Broadway
Sacramento CA 95818-2500
(916) 227-0931

The Department of Real Estate licenses, regulates, and investigates complaints about real estate brokers, salespersons, and some mortgage brokers and escrows.

CALIFORNIA ASSOCIATIONS OF REALTORS
525 South Virgil
Los Angeles CA 90020,
(213) 739-8200

The Association has listings for local Realtor associations throughout the Sacramento County area.

THE SACRAMENTO COUNTY BAR ASSOCIATION
901 H Street, Suite 101
Sacramento CA 95814
(916) 448-1087

The Bar Association can help consumers find lawyers that deal especially with real estate cases.

DEPARTMENT OF CORPORATIONS (DOC)
1515 K Street, Suite 200
Sacramento, CA 95814-4052
(916) 445-3062

DOC regulates some escrow companies and the sale of securities, such as fractionalized deeds of trust and verifies the licenses of mortgage bankers.

DEPARTMENT OF INSURANCE (DOI)
Consumer Communications Bureau
300 South Spring Street, South Tower
Los Angeles, CA 90013
(800) 927-4357

The Department of Insurance regulates title insurance companies and examines complaints about the insurance business. If you have a complaint involving title to property, you may first file a claim with your title insurer.

CONTRACTORS' STATE LICENSE BOARD
Sacramento Intake & Mediation Center
P.O. Box 269116
Sacramento, CA 95826-9116
(800) 321-2752

The Contractors' State License Board investigates complaints involving contractor and mechanic liens.

DEPARTMENT OF CONSUMER AFFAIRS
400 R Street, Suite 3000
Sacramento, CA 95814
(800) 952-5210

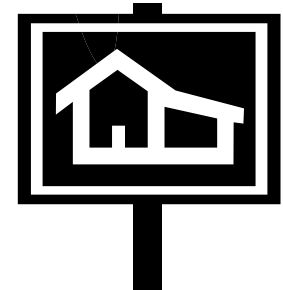
The Department of Consumer Affairs can assist with complaints of real estate fraud, rental fraud and other consumer affairs issues.

LEGAL AID ASSOCIATION OF CALIFORNIA (LAAC)
Public Interest Clearinghouse
47 Kearny Street, Suite 705
San Francisco, CA 94108
(415) 834-0100



**SACRAMENTO COUNTY
SHERIFF'S DEPARTMENT**
JOHN MCGINNESS, SHERIFF

**REAL ESTATE
FRAUD UNIT**



REAL PROPERTY CRIMES

Scam artists operate profitably in the complex world of real estate sales and loans. Criminals use false representations, fine print and obscure procedures to steal the equity in your home or to commit loan fraud. Theft by false representation is a crime! If you believe that you have been the victim of real property fraud, law enforcement wants to know. The Sacramento County Sheriff's Department will investigate complaints of real estate fraud. If there is sufficient evidence to prove that a crime was committed, the Sacramento County District Attorney's Office will prosecute the offender. Here are a few of the more prevalent types of crimes being perpetrated in Sacramento County.



FORECLOSURE BAILOUT SCAM

Victims are lured by the promise of help for those who are "upside-down". In other words, owe more on their home than it is worth. These homeowners are usually desperate and must either sell their home at a large loss or let the lender foreclose, severely damaging their credit. Often these "bailout" specialists target non-English speaking victims.

The "bailout" specialist tells the homeowners that banks prefer to take a loss on a loan rather than take the home back on a foreclosure and if the loan is insured by FHA, the bank does not really lose money. They are told the bank is spared the headache of reselling the home. The homeowner is told he is being offered an opportunity to arrange for a "short sale" of the house that will have no effect on his or her credit rating.

The plan is usually for the homeowner to deed his or her house to the "bailout" specialist for a fee of approximately \$1,000. The "bailout" specialist then either rents out the house, or lets the now former

homeowner live there for a modest rent. The "bailout" specialist does not arrange for the short sale, and fails to make payments on the mortgage resulting in foreclosure and eviction of the tenants.

The "bailout" specialist pockets the advance fee and all rental payments. On the surface it appears all perfectly legal. A careful reading of the small print on the documents given to the victim may reveal warnings that his or her credit may suffer and that the "bailout" specialist is not bound to successfully procure a "short sale" or to re-convey the property. There may be disclaimers buried in the contract relieving the "bailout" specialist of any liability to the homeowner.



RENTAL FRAUD

Rental fraud scams involve the rental of homes that the con artist does not own. The con artist locates a vacant or abandoned house. It may be in foreclosure, or perhaps it is used only as a vacation home. The con artist enters the house, changes the locks and advertises the property for rent, usually well below the market rental rate. An unsuspecting tenant pays a security deposit, first and last months rent and moves in. Rent is collected and pocketed by the rental fraud perpetrator. The true owner and the lender do not receive a dime. When the fraud is discovered, the tenant is evicted, losing his security and rental deposits.

Some crooks are so bold that they will rent a house to several different tenants, collecting advanced rents and deposits and then vanishing with the proceeds. In a creative twist to this fraud, some scammers claim that they hold legal title to the property under the old law of "adverse possession".

Be alert for possible rental fraud when utilities are held in the name of a third person or when the landlord insists that the rent be collected in person, cash only and without a receipt. Also be wary if

legal notices are mailed or posted on the property and the landlord tells you simply to ignore them.



HOME EQUITY THEFTS

People who have built up equity in their homes are ripe targets for a variety of confidence games. High pressure home improvement contractors offer elderly homeowners unnecessary and overpriced home improvement on "easy" credit. Slick salesman may offer to refinance the home at "attractive" interest rates in order to provide cash to the homeowner and to pay off bills.

Victims report that they were asked to sign blank contracts, of that they were not allowed to read the contracts before signing, or that they were not given copies of the contracts. Only later does the victim realize that the contract contains terms completely different than what was promised.

Too often it turns out that the home improvement contract has "eaten up" all of the equity in the home. The homeowner learns that he has signed high-interest mortgages with enormous loan fees. The homeowner may be faced with loan payments he can not afford. "Attractive" loan payments cover the interest only and/or the principal is due in one "balloon" payment after a few years. When the "balloon" payment is due, the homeowner must take out another loan, paying additional fees and costs, or risk losing his or her home through foreclosure.

Criminals may commit an outright forgery to gain control of loan proceeds in a home improvement contract, home sale or refinance.



STRAW BUYER SCAMS

Scam artists find ways to cash out equity of real property entrusted to them using "creative financing".

They may employ "straw buyers", crooked

escrow agents, real estate appraisers or notary publics. The scam artist asks the "straw buyer" to sign loan papers using his or her good credit. The scam artist pockets the loan proceeds and fails to make the loan payments. The "straw buyer" may have committed both state and federal crimes. His or her credit is ruined and he is obligated to pay the loan amount.

Your best protection is to NEVER submit to pressure and to ALWAYS insist on getting financial or legal advice before you commit to a contract or loan. Remember, you have a three (3) day "cooling off" period in which to cancel a loan or contract. Use the time to think about the consequences of such a loan or contract.

