

Real Estate Fraud Prosecution Program

The Real Estate Fraud Advisory Team, REFAT, has been established in conjunction with the District Attorney's Real Estate Fraud Prosecution Program. It is comprised of individuals from every aspect of the real estate community. Part of the team's mission is to educate the public and the real estate professionals regarding the various schemes and practices that are occurring at an alarming rate.

A film on "Predatory Practices" has been produced on behalf of REFAT. This DVD is available to offices, organizations and public and private agencies to create a dialogue and enhance awareness of the issue throughout Ventura County.

Public and industry outreach is the main focus of the REFAT. A website is also being explored, as well as quarterly tip sheets for members within the industry.

The current co-chairs are Miles Weiss, Senior Deputy District Attorney of the Real Estate Fraud Prosecution Program, and Jim Keith, Ventura County Coastal Association of REALTORS® Professional Standards chair and 2007 vice-chair of the California Association of REALTORS® Professional Standards Committee.

Miles Weiss, Co-Chair

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<http://www.da.countyofventura.org>

Jim Keith, Co-chair

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Avoid These Real Estate Fraud RED FLAGS

Being asked to sign blank or incomplete documents.

Being asked to help someone "buy" a home in exchange for being paid some money.

Promises of lowering your payments and interest rate without explaining the consequences.

Promises of extremely low interest rates (1%) or "option" payments that lower your payments but increase your loan amount (negative amortization).

Promises of "saving your home" or "equity" by transferring your rights to someone else when you are facing risk of foreclosure.

Being asked to provide funds or other compensation directly to agents or others outside of the normal escrow process.

Being asked to provide your date of birth or social security number without sufficient assurances of the identity of the person seeking it and the reason your personal information is being sought.

Common Real Estate Fraud Crimes

Grand Theft: P.C. § 487(a), 3 years

Identity Theft: P.C. § 530.5, 1 year

Forgery: P.C. § 470(d), 3 years

Recording False or Forged Instrument:

P.C. § 115(a), 3 years

Foreclosure Consultant Fraud:

C.C. § 2945.4, 3 years

Equity Sales Fraud: C.C. § 1695.6, 3 years

Notary Fraud: G.C. § 8214.2, 3 years

Escrow Theft: F.C. § 17414, 3 years

Excessive Taking of \$50,000 - \$2,500,000:

P.C. § 12022.6: additional 1-4 years

Aggravated White Collar Crime Enhancement:

P.C. § 186.11, additional 5 years + \$500,000 fine

Office of the District Attorney
County of Ventura

Gregory D. Totten, District Attorney

Real Estate Fraud Prosecution Program



A summary of information to assist residents of Ventura County who are concerned about preventing, avoiding or reporting potential real estate fraud activity.



GREGORY D. TOTTEN

District Attorney
County of Ventura

What is Real Estate Fraud?

Real Estate Fraud Defined:

Generally, any false representation coupled with intent to deceive made in conjunction with a real estate transaction. Some examples include the use of fraudulent tactics in the course of:

- **Real estate sales involving "straw" buyers**

A "straw buyer" is one whose identity and credit is used to finance a real estate transaction in the place of the person who intends to take ownership or possession of the property once the transaction is finalized. Only the "straw buyer's" credit profile is at risk.

- **Title transfers designed to inflate valuations**

- **Loans obtained with false information or identities**

- **Foreclosure Exploitation**

- **Predatory Lending**

*Courtesy of Ventura County Coastal
Association of REALTORS®*

Whether You Want to Buy or Refinance Your Home—

What You Need to Know

Buying or refinancing your home may be one of the most important and complex financial decisions you'll ever make. Many lenders, appraisers and Realtors® stand ready to help you get a nice home and a great loan. However, as a smart consumer you need to understand the home buying process and not become a victim of predatory practices and fraud.

Tips on being a Smart Consumer . . .

- Educate yourself about the home buying and lending process. Different financial institutions as well as the U.S. Department of Housing and Urban Development (HUD) offer courses on the home buying process*.
- You have the right to interview several lenders and real estate professionals. Ask for, and check references, before you select someone to help you buy, sell or refinance a home. Verify the status of a real estate licensee on the Department of Real Estate's website: www.dre.ca.gov.
- Read and understand the mortgage documents presented to you before you sign them.
 - ~ *Never* sign the documents without knowing and understanding all terms of the loan.
 - ~ *Stop* the transaction if you feel you are not getting clear answers.
 - ~ *Never* allow yourself to be pressured into a signing for a loan.

- ~ Reputable lenders strive to make you aware of, and comfortable with, their loan options and costs.
- ~ Ultimately, only you are personally responsible for the repayment of the loan.
- *Never* sign blank documents and *always* request copies of each and every document you provide to the lender and every document you are asked to sign. If you do not have it in writing, it does not exist!
- Before providing personal information to a potential lender verify their credentials and employment.
 - ~ Get a written "Good Faith Estimate" for all loan terms, points and fees.
 - ~ Ask for a written confirmation of the interest rate and duration once you have agreed to "lock-in" a rate.
- *Do not agree* to payments that are more than you can really afford!
- Be careful about financing excessive fees into home loans. Shop around and compare with other lenders who are not also acting as your sales agent.
- Do not feel pressured into applying for more money than you need; even a small increase in the total loan amount can result in big interest payments over time.
- Refuse to work with people who seek to have you make false statements on loan applications or other documents.
- After you sign loan documents, you have a three-day "Right of Rescission" to cancel a refinance transaction for any reason!

Remember—Anything that sounds too good to be true usually is . . .

Do not let anyone talk you into . . .

- Making a false statement on your loan application such as:
 - ~ overstating your income
 - ~ the source of your down payment or deposit
 - ~ not disclosing the nature and amount of your debts
 - ~ the length of your employment.
- When you apply for a mortgage loan every piece of information you submit must be accurate and complete. Lying on a mortgage application is fraud and may result in criminal penalties.
- Never let anyone sign anything for you during the loan process. You should review and understand every document before you sign it.
- Never accept payment for use of your name, credit or Social Security number—this is a form of fraud!
- If you are facing foreclosure* due to inability to pay your home loan, be wary of someone approaching you with a promise of "saving your equity" by having you sign away your rights to your home. Be especially careful to protect your rights to your home!

To Report Suspected Real Estate Fraud or for Additional Information:

District Attorney's Office Real Estate Fraud Unit (805) 662-1750

To download complaint forms in English or Español visit: www.da.countyofventura.org
Follow the link on the left column to "Real Estate Fraud Unit". You should also report suspected real estate fraud to your local police agency. Para reportar fraude de bienes raíces, llame al mismo número. Hablamos Español.

Ventura County Coastal Association of Realtors® (805) 981-2100

Randy McCaslin, Executive Officer
Para Español llame "the Ombudsman Committee"; Fernie Campos (805) 218-2725 or Monica Hurtado (805) 656-3636
Hablamos Español.

Housing & Urban Development (HUD) (800) 569-4287

For additional information and classes visit their website: www.hud.gov

*Freddie Mac (818) 710-3000

To avoid foreclosure or for foreclosure information: www.freddiemac.com

F.B.I. (310) 477-6565 or (805) 642-3995

To file a complaint online go to: losangeles.fbi.gov

Better Business Bureau (BBB)
(805) 963-8657 To file a complaint online go to: www.santabarbara.bbb.org