

## Editorial: Watch out for contractor, mortgage scams

Owning a home is a privilege which has diminished in a tight economy. Homeowners who've managed to buck this downward trend are targets for scammers. A common scam involves contractors some hire, while another addresses foreclosure rescues.

Extreme storms may be America's new norm, so the **Coalition Against Insurance Fraud** warns homeowners must doubly protect against bogus repair work by shady contractors. Routine home fix-ups and remodeling also invite scams.

Dishonest drifters go door-to-door, especially after disasters. Fixing bad repair work also can take months of headaches and the victim's homeowner policy may not cover fraudulent repairs. Homeowners can better ensure repairs are done right by knowing how to find an honest and reputable contractor.

Here are six especially frustrating scams to avoid:

—Disappearing down payment. The contractor demands a large down payment, then disappears after doing little or no work.

—Shoddy work. The work is low quality, using cheap materials. A homeowner may have to redo the entire job, often at personal expense.

—Phantom damage. A contractor invents storm damage. Nicking sidewall or roof shingles with a screwdriver to mimic hail damage is one come-on.

—Worsens damage. Contractors enlarge holes in a roof to increase their billings. Billing for phantom work is another ruse.

—Pay the deductible. Offering to pay the insurance deductible is a con to lure business.

—Insurer go-between. The contractor elbows in as the go-between with the insurer. Control over a valuable claim is lost.

And here are six ways to fight back:

—Avoid door-to-door drifters. Stick with reputable contractors based locally or in the region.

—Verify license. Contact state and local licensing agencies to ensure the contractor is licensed.

—Contact local Better Business Bureau (BBB). See if the contractor has a history of complaints and a BBB review.

—Work with an insurance company and agent. Don't let the contractor do the talking. Work directly with the insurer and the agent to ensure the repairs are done right and covered damages are paid.

—Insist on a contract. Have a signed contract specifying exactly what

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work will be done, plus the price and repair schedule.

—Watch for red flags. No business cards or referrals...P.O. Box instead of a street address... van looks rundown and has no company name... poor personal appearance...can't show proof of workers compensation insurance or surety/performance bond.

Meantime, Mortgage Fraud Examiners are cautioning "pretender defenders" may be cheating homeowners out of victory by ignoring contract breaches and tortious acts underlying their mortgage transaction.

Homeowners and attorneys need to understand a promissory note; mortgage/deed of trust is nothing more, nothing less—a contract.

So many foreclosure attorneys fall into the pretender defender category, homeowners must develop ways to determine whether the attorney can and will be able to identify contract anomalies within the mortgage transaction, and get them a financial settlement and/or their house free and clear if found. Asking a simple question, like how many cases has the attorney won, would be a good starting point.

A favorite strategy of the pretender defenders is using arguments like "show me the note," securitization, MERS, robo-signing, etc. Although these have some legal validity, inevitably, the entity foreclosing corrects the defects and wins because of one central fact everyone knows