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Mortgage-payment scam trips up owner

July 26, 2010

 By **Chris Conrad**
 Mail Tribune

WHITE CITY — Saul Cervantes thought he was making a smart financial move by accepting the services of a company claiming it would help him negotiate with his bank to lower his monthly mortgage payment.

Instead, Cervantes was bilked out of \$3,000 in a mortgage scam that has struck a handful of Southern Oregon households, according to Larry Kahn, the executive director of Help Now! Advocacy Center based in Medford.

"Unfortunately, the economy has given rise to these types of scams," Kahn said.

Cervantes received a letter from a California-based company called Ideal Real Estate Solutions promising it would do the leg work required to qualify for government programs meant to help people with troubled mortgages.

Cervantes called the company and spoke with a salesperson who asked that he provide paystubs and old tax returns to get the ball rolling.

There was one catch. The bill for its service was \$3,000, to be paid in two \$1,500 installments.

Cervantes sent the payments and was basically ignored after making phone calls to Ideal Real Estate Solutions to follow up on his case.

Scared and angry, Cervantes phoned his bank and was told no company has the power to lower the terms of his mortgage.

Cervantes had fallen victim to a scam that has plagued mortgage holders across the country in the wake of the housing market collapse in 2008.

Out of desperation, Cervantes called Help Now! volunteers, who work with attorneys across the state to fight predatory lenders. It is illegal in Oregon to charge an up-front fee for loan modification.

Help Now! contacted the California attorney who owned the company. They soon learned that the California Bar Association had word on owner Brian Columbana's practices. He has since been disbarred.

Help Now! added Cervantes' name to an Oregon Department of Justice complaint with several other mortgage scam victims allegedly targeted by Columbana.

Kerrie Davis, the education and community outreach coordinator for Rogue Federal Credit Union, said people are falling victim to mortgage scams in increasing numbers.

Rogue Federal hosts information meetings on mortgage issues and finds these gatherings stocked with people who have lost thousands of dollars to scam artists claiming they can lower payments or interest rates.

"We are seeing larger classes and out of those 3 or 4 people have been victims of these scams," Davis said. "We had one woman give one of these companies \$6,000. It was heartbreaking."

Davis said you never have to pay for mortgage counseling when it comes to applying for government relief programs.

The local office of the U.S. Department of Housing and Urban Development (HUD) works with ACCESS, Inc. to provide counseling.

HUD advises you work first with your lender before seeking their services, Davis said.

The next class hosted by Rogue Federal will be Tuesday from 6:30 p.m. to 8:30 p.m. at the credit union's location at 1340 Center Drive in Medford.

The classes are free and open to the public. Anyone seeking information about mortgage and foreclosure issues is welcome.

The next series of class are scheduled for September, Davis said.

Davis said the easiest way to avoid these scams is to avoid any company seeking a fee for its service.

"The bottom line is you can get help understanding your mortgage options for free," Davis said. "We tell people that if they charge a price, don't work with them."

Reach reporter Chris Conrad at 541-776-4471; or e-mail cconrad@mailtribune.com.

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