



CONSUMER ALERT - BEWARE OF IMPOSTER LANDLORDS

As a result of the mortgage meltdown in California, and with many thousands of foreclosures, there are abandoned properties in communities throughout the State. Moreover, the continued economic downturn has left numerous people displaced and in need of rental housing. The California Department of Real Estate (DRE) has become aware of unscrupulous activity by some persons who hold themselves out as owners of vacant houses (and/or agents of such owners). These people prey on desperate consumers who are looking for some place to rent. These cons are able to convince potential renters into paying money, which may include a first and last month's rent and a security deposit, as well as follow up rental payments, for a house that is not owned by the supposed landlord.

Sometimes it does not take much to fool potential tenants into believing that they are dealing with the real owner of the house. Here are some ploys these scammers use:

- They gain access to vacant houses by unlawfully breaking into the houses, changing the locks, securing the properties and giving the illusion of ownership.
- They go to great lengths to obtain documents which are used to falsely assert to prospective tenants that the houses are owned by them. For example, they sometimes access the county assessor's website and obtain a document called a Preliminary Change of Ownership Report. Normally, this report is filed with the assessor's office in connection with certain deeds to assist the assessor with property tax valuations. The crooks download and complete the Preliminary Change of Ownership Report document, sometimes obtaining a "filed" stamp, and then offer the document as evidence that they own the property to be rented. This might also make a prospective tenant believe that the person(s) he or she is dealing with is legitimate. Another scenario like this is where a bogus landlord makes payment of a small tax lien on a house not owned by them, and then provides evidence of that payment as so-called proof that he or she owns the house.
- They send out bogus letters, emails, and other documents which appear legitimate, instructing existing tenants to cease rental payments to the property owner and redirecting the tenants to pay their rent to these new "illegitimate" frauds. They may also prepare false leases or rental agreements to make everything look official.
- They advertise houses they do not own for lease or rent on Craigslist or other sites for classified ads of rental properties. While the DRE is seeing the fraud discussed in this warning in connection with houses offered for rent, the crooks sometimes advertise apartments in this manner. Care should be exercised with respect to all rentals offered.

PLEASE DO NOT BECOME A VICTIM; THINGS TO DO TO PROTECT YOURSELF

There is rampant fraud occurring in the house rental market in some parts of California. The con artists are looking for quick, up-front monies to be paid to them many times over until they



are stopped. Additionally, because these operators generally use false names, it is difficult to track them down and bring them to justice. Sometimes they set up bogus corporate, company or partnership names and the entities are just shells. Therefore, you must do your homework to avoid becoming victimized. It would be in your best interest to ask anyone offering a house for rent to provide you with proof that they own the house, and to show you their government issued picture identification. Then scrutinize the proof of ownership, as well as the identifications since there is also the risk that their identifications can be false.

If you think that you are dealing with an owner's/ landlord's representative, you should check with the DRE to see if that representative or agent is licensed. This is because a real estate license is required, with some narrow exceptions, for a person to offer a house for rent as an agent of the owner. Look up and check out the license records through the DRE web site (www.dre.ca.gov) and make sure you are working with legitimate licensees.

If you are an existing tenant, you should check with the County Recorder's office in the county in which you live to verify the property's owner of record. If the house has been foreclosed upon, you should contact the new owner and verify with the current owner the person to whom you should be forwarding your rental payments.

If you are considering renting or leasing, consider the following before entering into a rental agreement and turning over your money:

- Check with the County Recorder to determine if the house being offered for rent has a Notice of Default recorded. If the property has been foreclosed, call the lender, servicer or owner to obtain the name of the company or individual who is their representative.
- Do as much research as you are able to avoid more financial loss and distress to you and your family.
- Be aware of those with fancy titles or claims of being connected to a legitimate person, business or the government.

If you feel you have dealt with a scammer in the area of a housing rental or have been defrauded in connection with rental of a house, please feel free to contact the Department of Real Estate at the following telephone numbers:

- For Spanish-speaking consumers, call 1-877-DRE-4321;
- Consumers in Sacramento, CA (916) 227-0864;
- Consumers in Fresno, (559) 445-5009;
- Consumers in Los Angeles, (213) 620-2072;
- Consumers in Oakland, (510) 622-2552; or
- Consumers in San Diego, (619) 525-4192



Finally, please note that the DRE website has a large number of consumer alerts that you may want to consult and review. The alerts include warnings on loan modification fraud, short sale fraud, forensic loan fraud, and a discussion of tenants' rights in connection with foreclosed properties (see the piece on "Cash for Keys").