



San Bernardino County



Ensen Mason CPA, CFA • Auditor-Controller/Treasurer/Tax Collector

NEWS RELEASE – For Immediate Release

December 19, 2022

County Officials Warn Homeowners of Real Estate Scam

San Bernardino, CA — Auditor-Controller/Treasurer/Tax Collector Ensen Mason and Assessor-Recorder-County Clerk Chris Wilhite have issued a joint warning to San Bernardino County homeowners of a nationwide property scam where homeowners are duped into assigning a lien on their property in exchange for an upfront cash payment. The scam is called a Homeowner Benefit Program.

A Florida-based real estate company operating a nationwide network offers homeowners up to \$5,000 cash in return for the homeowner signing a Homeowner Benefit Agreement. The agreement gives the company the exclusive right to serve as the listing agent, receiving a 3% commission when the homeowner decides to sell their home. When the agreement is signed, the company files a memorandum lien with the county Recorder's office.

The catch is that it is a 40-year agreement attached to the property. If a homeowner dies or gifts the property to another, the heir or new owner is obligated to the terms of the contract. If the homeowner wishes to cancel the agreement or avoid listing their property with the real estate company, they must pay an early termination fee equal to 3% of their home's value (the amount the company would have received upon the sale of the property).

Unfortunately, this arrangement is perfectly legal.

“A couple thousand dollars may seem like a lot of money to someone in financial need, but what they don't realize is that the median listing price of homes in San Bernardino County was nearly a half-million dollars in November 2022,” said Mason. “At that price, the 3% fee obligation to the company would be \$15,000! With up to 40 years of future home price appreciation, that fee could easily grow to six figures.”

“In my opinion, this is fraud,” warned Mason. “It is presented as a listing agreement when it is really a loan with an astronomical interest rate. As an example, a homeowner with a home value of \$500,000 who receives a \$1,500 upfront cash incentive to sign the Homeowner Benefit Agreement will owe the company a 3% commission worth \$15,000, essentially paying back the \$1,500 incentive at an interest rate of 900%”.

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“As with any legal document, you should always read the fine print and I would encourage you to ask questions and seek appropriate legal advice,” said Assessor-Recorder Chris Wilhite. “Unfortunately, once a document has been signed, it can become legally binding. I look forward to working with Ensen Mason to proactively educate San Bernardino County homeowners of this questionable program so they can better protect themselves from predatory activities.”

Both officials encourage County residents to be very careful when approached by companies offering real estate services and benefits that sound too good to be true. In this case, a Homeowner Benefit Program is a losing proposition for San Bernardino County homeowners.

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