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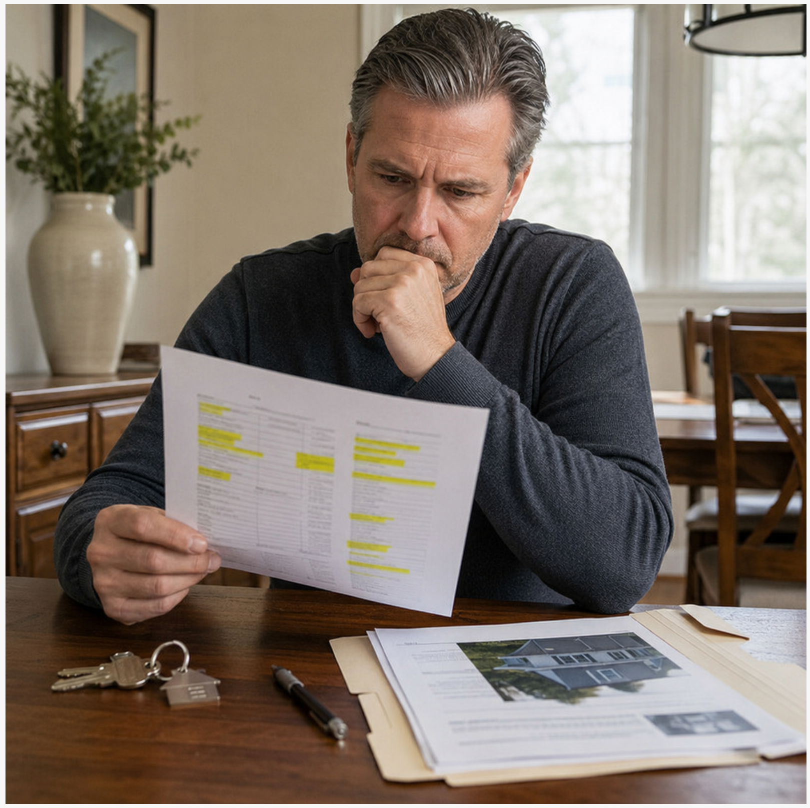
Lawyers Realty Group Warns California Homeowners About Bankruptcy Foreclosure Schemes That Leave Strangers on Title

Foreclosure postponement schemes can leave homeowners unable to refinance, sell, or obtain a reverse mortgage years later


California homeowners may discover lasting title problems long after a foreclosure postponement scheme appears to solve the immediate crisis.

IRVINE, CA, UNITED STATES, July 23, 2026 /EINPresswire.com/ -- Lawyers Realty Group has issued a California consumer alert concerning foreclosure-postponement schemes that may leave distressed homeowners with strangers, bankruptcy debtors, trusts, or unfamiliar entities appearing in the ownership history of their homes.

The warning follows ATTOM's report that U.S. foreclosure filings increased 21% during the first half of 2026 compared with the same period in 2025.   As foreclosure activity increases, Lawyers Realty Group cautions that more homeowners may become vulnerable to unlicensed or fraudulent rescue operators promising to postpone imminent trustee's sales.

In one documented form of bankruptcy foreclosure fraud, a scam artist arranges for a small fractional interest in a homeowner's property to be transferred to an unrelated person who has filed bankruptcy. The recorded deed and bankruptcy case are presented to the foreclosing lender in an effort to create an apparent automatic-stay issue and obtain a temporary postponement.

The named bankruptcy debtor may be a complete stranger to the homeowner and may not know that an interest in the property was recorded in the debtor's name.

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Derik Lewis

"The foreclosure sale may be postponed, but the recorded deed does not simply disappear," said attorney and real estate broker Derik N. Lewis of Lawyers Realty Group. "Homeowners often discover the damage much later, when a title company refuses to insure a refinance, reverse mortgage, trust transfer, or sale."

Federal authorities have prosecuted nationwide foreclosure-rescue schemes involving distressed homeowners, recurring fees, fraudulent bankruptcy filings, and fractional-interest deeds. In one Southern California prosecution, federal authorities alleged that more than 1,000 distressed property owners were promised that foreclosure sales could be postponed indefinitely.

The U.S. Trustee Program also warns homeowners that bankruptcy and mortgage-rescue operators may ask them to transfer a deed or ownership interest. The California Department of Justice specifically cautions homeowners not to transfer title to a foreclosure rescuer and notes that such transfers may be connected to fraudulent bankruptcy filings.

How the Title Problem Develops

The scheme commonly begins after a Notice of Default or Notice of Trustee's Sale becomes public. A homeowner may receive urgent calls, mailers, text messages, or personal solicitations promising to stop the foreclosure (some may even claim to be "nonprofit" organizations). The fraudsters typically require upfront fees, monthly payments and repeated signatures on documents described as temporary transfers, trust papers, authorizations, grant deeds, or quitclaim deeds. The scheme is designed to keep the monthly payments coming in to the fraudster and out of the homeowner's pocket.

A fractional ownership interest, sometimes as small as 1/100th, may then be recorded in the name of a person involved in an unrelated bankruptcy case. And when one bankruptcy ends, another debtor may be placed on title to seek another postponement.

Months or years later, a preliminary title report may reveal multiple unfamiliar owners. Even when the named individuals received no money and knew nothing about the transfers, the recorded deeds remain within the public chain of title until they are resolved in a manner acceptable to a title insurer.

"The operator sells temporary time, but the county recorder keeps a permanent record," Lewis said. "What appeared to be a foreclosure solution can become a title emergency years later."

Common Warning Signs

Lawyers Realty Group recommends that homeowners investigate promptly when:

- A title report identifies people, trusts, or entities they do not recognize.
- Recorded deeds transfer very small percentages of ownership.
- A postponement company required new documents whenever a bankruptcy case ended.
- The homeowner paid recurring fees to delay a trustee’s sale.
- The company promised that a title transfer was temporary or harmless.
- The company demands additional payment to remove names it placed on title.
- A lender, title company, escrow officer, reverse-mortgage provider, or buyer refuses to proceed because of unfamiliar ownership interests.

The Consumer Financial Protection Bureau identifies requests for advance fees, guarantees of foreclosure relief, pressure to sign unexplained documents, and requests to sign over title as common foreclosure-relief scam indicators. Transferring title to another person does not eliminate the homeowner’s mortgage obligation.

Removing Strangers From a Property Title

Lawyers Realty Group has handled California title matters involving alleged bankruptcy foreclosure-postponement fraud and fractional interests recorded in unfamiliar names.

The process generally begins with reconstructing the complete deed and bankruptcy history connected to the property. This may require identifying each recorded instrument, bankruptcy debtor, case number, bankruptcy attorney, trustee, foreclosure consultant, and title-insurer requirement.

Depending on the facts, a resolution may involve title-company-approved quitclaim deeds, corrective deeds, declarations, releases, bankruptcy records, or trustee documentation.

When a named party cannot be found, refuses to cooperate, lacks authority to sign, or claims an ownership interest, a quiet-title or instrument-cancellation action may be required.

Lewis emphasized that recording another deed without first coordinating with the title insurer may not cure the problem.

“The objective is not merely to add another document to the public record,” Lewis said. “The objective is to restore clean, insurable title so the homeowner can actually refinance, obtain a reverse mortgage, transfer the property into a trust, or complete a sale.”

Free California Bankruptcy Foreclosure Title Review

Lawyers Realty Group is offering a free initial attorney review for California homeowners who paid for foreclosure postponements, signed unexplained title documents, or discovered unfamiliar names in a preliminary title report.

Homeowners are encouraged to provide:
- Preliminary title reports
- Recorded grant deeds and quitclaim deeds
- Notices of Default or Trustee's Sale
- Foreclosure-postponement agreements
- Payment records
- Emails and text messages
- Bankruptcy notices
- Communications from lenders, escrow officers, or title companies

For more information or to request a review, call (949) 613-5918 or visit www.lawyersrealtygroup.com.

About Lawyers Realty Group

Lawyers Realty Group is a California real estate brokerage led by attorney and broker Derik N. Lewis. The firm assists homeowners with complex real estate matters involving foreclosure, disputed title interests, bankruptcy-related title problems, reverse mortgages, refinances, trusts, probate, and property sales.
By coordinating legal analysis, title strategy, real estate brokerage, escrow, and financing resources, Lawyers Realty Group works to develop practical solutions designed to restore marketable and insurable title.

Prior results do not guarantee a similar outcome. Every foreclosure postponement, bankruptcy, foreclosure-consultant, title, grant deed, quitclaim deed, quiet-title, cancellation, refinance, reverse mortgage, sale, and real estate matter depends on its specific facts, documents, timing, parties, bankruptcy history, title-insurer requirements, lender requirements, and applicable law. Lawyers Realty Group, 7700 Irvine Center Drive, Suite 800, Irvine, CA 92618, California DRE No. 01870511. Derik Neil Lewis, Broker of Record, CA DRE #01439110, CA State Bar #219981.

Derik Lewis
Lawyers Realty Group
+1 949-613-5900
email us here
Visit us on social media:
Facebook
YouTube
