

## Personal Security Series

*Vol. 9, No. 21 – April 1, 2019 - Edu4Retirement, Inc., Written by Michael E. Callahan*

### Reverse Mortgage Scam

Living in a world in which we are consistently connected, sharing our information (both knowingly and unknowingly) and instant gratification for those answers, or help, we seek, has made our vulnerability volatile. This series will deal with heightening our awareness on fraudulent behaviors. The information was provided directly from the Federal Bureau of Investigation website, <https://www.fbi.gov/scams-and-safety/common-fraud-schemes>. I have copied much of the information directly from this website. It does not provide attributes to any specific author(s).

The FBI indicates that seniors are especially vulnerable to these schemes. Seniors tend to have more money, making them better targets. Most seniors are trusting and polite. They are less likely to report a fraud because they are embarrassed they were scammed, do not realize they were scammed until well after or just don't know how to go about reporting a scam. Seniors also are more susceptible to promises that can make their retirement years more "Golden" and are easy victims to those false promises.

I must say it is depressing to see and hear about all the scams that exist out there. Seniors are not the only prey out there. These con artists come up with ingenious ways to get your guard down and cause you to react without thinking.

The FBI and the U.S. Department of Housing and Urban Development Office of Inspector General (HUD-OIG) urge consumers, especially senior citizens, to be vigilant when seeking reverse mortgage products. Reverse mortgages, also known as home equity conversion mortgages (HECM), have increased more than 1,300 percent between 1999 and 2008, creating significant opportunities for fraud perpetrators.

Reverse mortgage scams are engineered by unscrupulous professionals in a multitude of real estate, financial services, and related companies to steal the equity from the property of unsuspecting senior citizens or to use these seniors to unwittingly aid the fraudsters in stealing equity from a flipped property.

In many of the reported scams, victim seniors are offered free homes, investment opportunities, and foreclosure or refinance assistance. They are also used as straw buyers in property flipping scams. Seniors are frequently targeted through local churches and investment seminars, as well as television, radio, billboard, and mailer advertisements.

A legitimate HECM loan product is insured by the Federal Housing Authority. It enables eligible homeowners to access the equity in their homes by providing funds without incurring a monthly payment. Eligible borrowers must be 62 years or older who occupy their property as their primary residence and who own their property or have a small mortgage balance. See the FBI/HUD Intelligence Bulletin for specific details on HECMs as well as other foreclosure rescue and investment schemes.

**Tips for Avoiding Reverse Mortgage Scams:**

- Do not respond to unsolicited advertisements.
- Be suspicious of anyone claiming that you can own a home with no down payment.
- Do not sign anything that you do not fully understand.
- Do not accept payment from individuals for a home you did not purchase.
- Seek out your own reverse mortgage counselor.

If you are a victim of this type of fraud and want to file a complaint, please submit information through the FBI's [electronic tip line](#) or through [your local FBI office](#). You may also file a complaint with HUD-OIG at [www.hud.gov/complaints/fraud\\_waste.cfm](http://www.hud.gov/complaints/fraud_waste.cfm) or by calling HUD's hotline at 1-800-347-3735.

The real message here is to stay on our guard. I felt as I prepared for this series that it is only a matter of time before I become susceptible to any of these. There are many innovative crooks out there and some may exist in our own families. I don't mean these newsletters to be scary, but it's current life in the USA. Unfortunately, with the internet and little tracing, it's hard to get and convict the scoundrels. We hear too often of those that have been affected by fraudulent dealings and hope that writing and distributing information on it may help you become more aware of these scams so that if you are ever in this type of situation, a red flag will come up and cause to KEEP YOUR GUARD UP!

Our comprehensive program at Edu4Retirement, Inc. is designed to teach people about retirement and the various issues that confront each person as they make their solo journey into retirement. To obtain copies of other series, visit our website at <http://www.edu4retirement.com/p/newsletters>.

We are forever learning as we go through this process, since family dynamics, personal desires and amounts involved can be infinitely different. However, the patterns we see in personal behavior and decisions of our clients make our experience very helpful to most.

Michael Callahan and Steve Tillona are available for any questions that may arise as you make this journey. You may contact us at:

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