

Reverse Mortgage Scams

Tuesday, July 14 2009 @ 10:09 AM EDT

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 entities to steal the equity from the property of unsuspecting senior citizens aged 62 or older 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 for this fraud through local churches, investment seminars, and television, radio, billboard, and mailer advertisements.

A legitimate HECM loan product is insured by the Federal Housing Authority (FHA). 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.

Seniors should consider the following:

- 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 [electronic tip line](#) or through your [local FBI office](#). You may also file a complaint with [HUD-OIG](#) or by calling HUD's Hotline at 1-800-347-3735.

Posted by:
Bobbette Fagel, CISA, CISM
Vice President
infotex

[0 comments](#)

<https://my.infotex.com/article.php?story=20090714100904698>