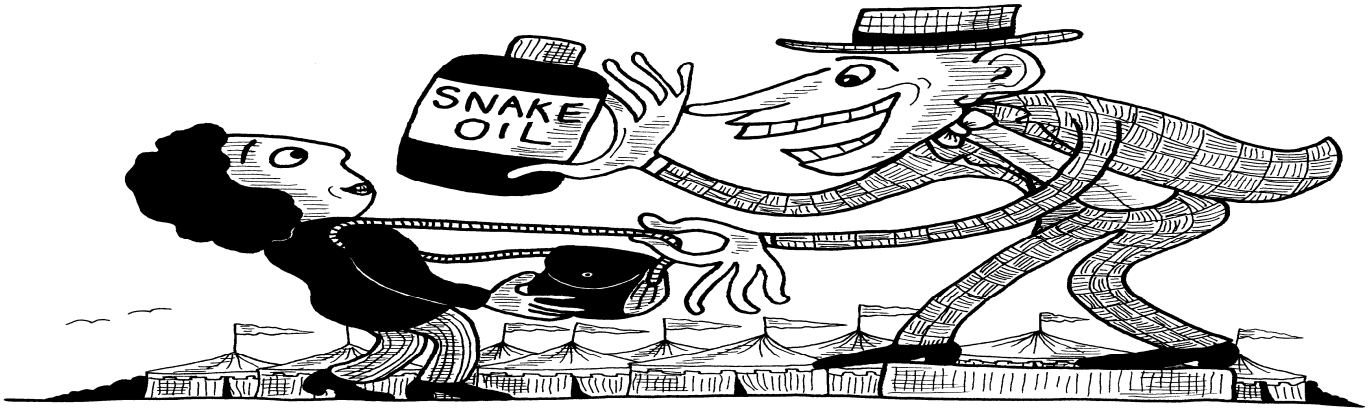


WISER/NAPSA: *Just The Facts*
Senior Financial Abuse
Reverse Mortgage Scams



Introduction

Senior financial abuse scams are a multi-billion dollar "industry." The victims of these scams are not only older people, but also their families, their financial institutions, taxpayers and all who provide services and financial assistance to the victims. Many consider these financial scams as the crime of the 21st Century. According to a 2011 study by the MetLife Mature Market Institute, the estimated annual financial loss from Senior financial abuse was 2.9 billion dollars, based just on the cases which made it into the media. The study does not include pain and suffering, nor the tens of billions spent on indirect costs for medical care, social services, legal costs, or losses in income and assets.

Older adults control the majority of wealth in the country, but all seniors regardless of income are at risk. Abuse may be perpetuated by anyone - a professional con artist, paid caregiver, stranger or casual acquaintance, or even a son, daughter, or other family member.

The following factors contribute to the prevalence of senior financial abuse:

- A high percentage of seniors live alone and may be more vulnerable to scams.
- Seniors may be more trusting, believing the "pitches" they hear, and may have trouble spotting fraud.
- Seniors have a relatively high net worth.
- The population of seniors is increasing, providing a continuous source of wealth for financial abusers.

We can help to eliminate this abuse by finding the most effective ways to prevent and respond to the problem. Education and awareness are two key strategies. This fact sheet looks at reverse mortgage scams, and provides resources to keep seniors from falling victim to this financial trap.

Reverse Mortgage Scams

The increasing frequency of reverse mortgages has unfortunately meant that mortgage scams are also on the rise. Documented cases were up more than 1,300% from 1999 to 2008 according to the FBI. Using a senior's fear of financial insecurity, scammers convince the senior that a reverse mortgage is the answer to the senior's financial problems, while in reality seniors are being scammed out of their money or home.

What Is A Reverse Mortgage?

A reverse mortgage is a loan against the equity a senior has built up in his or her home. The loan is "reversed" because instead of making monthly payments to the lender, as in a traditional mortgage, the lender advances sums to the senior against the future sale of the property.

A reverse mortgage may be an option for seniors with no other retirement security options, seniors who are in foreclosure, or for those who simply do not want to sell their home.

Homeowners who are age 62 or older and have received counseling from a qualified reverse mortgage counselor are eligible to apply for a reverse mortgage. The loan amount depends on the senior's age, federal loan limits, fees charged, and interest rates. If approved, payments may be provided in a lump sum, credit line, monthly payments, or a combination.

What You Can Do To Prevent Reverse Mortgage Scams

Red flags indicating possible reverse mortgage scams include:

- Unsolicited advertisements or contact made directly to a senior.
- Ads from a professional "Senior Estate Planner," or "Certified Elder Planning Specialist."
- Presentations that include signing documents that are not fully understandable.
- Ads or presentations that minimize the reverse mortgage counseling process.

How To Determine If A Reverse Mortgage Scam Has Taken Place

To help determine if someone has been a victim of a reverse mortgage scam, conduct a thorough review.

Consider:

- Did the senior understand what a reverse mortgage was?
- Who benefitted from the reverse mortgage?
- Was the counseling done in person or by phone?
- Was the senior coerced into signing and providing funds directly to the Agent?
- Could the senior's financial difficulties have been resolved differently?

If there are any signs of wrongdoing, immediately call Adult Protective Services if appropriate and file a report with the local police department or the police department where the crime occurred. Also, contact the guardian or conservator to revoke the POA as well as the county attorney who may be able to both prosecute the agent and sue for restitution.

If the victim is not capable of self-representation, consider using a guardian or conservator. Make sure that the guardian was not involved in the reverse mortgage scam.

How Can I Recognize A Reverse Mortgage Scam?

Reverse Mortgage Scammers and Techniques

Reverse mortgage scammers may represent a company or work alone. Often scammers advertise by mail, telephone, radio, and television, and usually describe themselves as an expert in financial matters. Scammers use a number of techniques to play on different emotions. These include a senior's fear of outliving assets, burdening their children, or that government retirement and health programs will be cut. The senior is then enticed to sign a document that takes money, equity from the senior's property or even the property itself without the senior's understanding or knowledge.

Further Information

Federal law requires a senior to receive counseling from a qualified reverse mortgage counselor before applying for a reverse mortgage. To find qualified counselors, visit the Department of Housing and Urban Development's website www.hud.gov or call the housing counselor hotline at 1-800-569-4287.

ADDITIONAL HELPFUL RESOURCES

Many public agencies are involved in preventing and detecting senior abuse and in prosecuting those who commit it. Many organizations are also dedicated to educating seniors on these topics:

- **National Council on Aging** www.ncoa.org
Provides reverse mortgage counseling and tools to use to help maximize your home equity.
- **U.S. Administration on Aging** www.aoa.gov
Has information on the Home Equity Conversion Mortgage (HECM) and the Role of the Aging Network, which provides guidance for working with older borrowers and helping them to understand their mortgage situation so they can avoid defaulting on payments or potentially losing their home.
- **Consumer Financial Protection Bureau** www.consumerfinance.gov
Ensures that consumers get the information they need to make sound financial decisions.
- **Women's Institute for a Secure Retirement (WISER)** www.wiserwomen.org
WISER and the National Council on Aging developed a comprehensive information and resource guide, Savvy Saving Seniors: Steps to Avoiding Scams. An online toolkit with presentation and leader's guide is also available for individuals and organizations who want to educate seniors on this important topic.
- **U.S. Administration on Aging** www.eldercare.gov
In partnership with the National Association of Area Agencies, AoA operates the www.eldercare.gov (or 1-800-677-1116) Elder Care Locator to help with finding trustworthy local support resources for seniors.

Administration on Aging Resource Centers partner to provide valuable information to seniors, caregivers, families and communities across the nation.



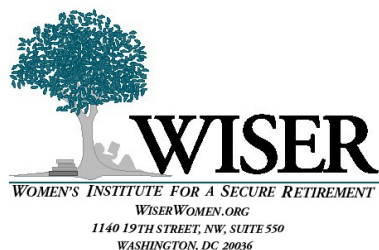
National Education and Resource Center on Women and Retirement

The Women's Institute for a Secure Retirement (WISER), in partnership with the Administration on Aging, operates the National Education and Resource Center on Women and Retirement Planning to provide user-friendly financial education and retirement planning tools for low-income women, women of color and women with limited English-speaking proficiency. WISER's mission is to inform women about the issues that affect their long-term financial security and to stress the importance of taking an active role in planning for their retirement. The Center specially tailors educational financial tools and information to meet the needs of the target population. Through the Center's one-stop-gateway, women have access to comprehensive, easily understood information that allows them opportunities to plan for income during retirement and to plan for long term care as they need it.



National Adult Protective Services Resource Center

NAPSA, in partnership with the Administration on Aging, has established the first ever National Adult Protective Services Resource Center (NAPSRC). The Resource Center serves professionals from Adult Protective Services (APS) agencies across the United States. The goal of the Resource Center is to provide federal, state and local APS agencies with current, accurate, research-based information and training, along with technical assistance to improve their capacity to provide effective protective services to vulnerable and elder adult abuse victims.



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