

How To Spot A Reverse Mortgage Scam



Reverse mortgages have helped countless senior homeowners convert a portion of their home equity into much-needed cash to provide added income during retirement.

This type of loan offers many advantages for seniors, and it's no surprise that many have been applying in recent years. If you think a reverse mortgage is right for you, contact us today for complete information and the latest reverse mortgage rates.

One of the reasons why reverse mortgages are attractive is that they allow borrowers to retain ownership and live in their homes as long as they remain in good standing with their lender. Seniors also love that they don't have to pay a monthly mortgage while still getting the cash they need for retirement.

However, there are cases where homeowners fall victim to mortgage-related fraud –particularly seniors. Protecting our seniors from scammers is crucial to us, so please read this article to get familiar with some of the most common tactics scammers use with reverse mortgage schemes.

Remember, the primary way to avoid being scammed is to work with a reliable and experienced local mortgage advisor. Don't be afraid to ask for referrals and read testimonials too.

No matter what type of mortgage you're getting, make sure you work with a loan advisor that takes the time to answer your questions and guide you through the process.

Common Reverse Mortgage Scams To Look Out For

Vendor Fraud

Vendors/contractors usually target seniors with a scheme that offers repairs, remodel, or other home improvement services. When a homeowner expresses concern about payment for the services rendered, they suggest a reverse mortgage as the solution.

Scam by Relatives and Others

Another scam to look out for is one committed by a financial planner or investment advisor. They try to sell seniors a financial product they don't need and suggest that they pay for it by taking out a reverse mortgage.

They may offer services like stock purchases or life insurance which are shady at best.

Seniors should also be careful about giving anyone power of attorney (POA). A POA document allows the holder to act on the senior's behalf regarding financial matters, including taking out a reverse mortgage.

There have been many instances where relatives with ill-intentions have taken advantage of POAs and secured reverse mortgages in the senior's name while diverting the proceeds into their accounts.

Flipping Fraud

This type of reverse mortgage scam involves predatory property flippers that offer seniors the "opportunity" to buy a lower-cost home without any down payment. They'll suggest a special type of reverse mortgage called a Home Equity Conversion Mortgage loan to pay for the lower-cost home but will find a way to divert most (or all) of the payment to themselves.

The victim will think they are getting housing through a HUD program, but they are actually purchasing a distressed property that was just given a facelift to perpetuate the scam.

Get The Facts About Reverse Mortgages

Reverse mortgages are a great help and resource for those in their retirement years. However, it's essential to understand how a reverse mortgage works so you can avoid scams and know whether it's the best option in your situation.

If you'd like to learn more about this loan –or any other home-financing opportunity –please contact us! Our goal is to help you achieve your financial goals confidently and easily. Please, let us know – how can we help?

*** Specific loan program availability and requirements may vary. Please get in touch with the mortgage advisor for more information.**