

# Mortgage Fraud Attorney

## INVESTIGATING **ELDER ABUSE** AND MORTGAGE FRAUD CASES

A \$5 million class-action [lawsuit](#) against two mortgage companies has been filed, alleging that the lenders conspired to defraud thousands of elderly homeowners. The suit says Texas-based Champion Mortgage Co. illegally charged their elder clients for unnecessary home inspections. Mortgage fraud is nothing to be taking lightly.

Such inspections are usually limited by law to once a month, but the company used software to trigger “repeated, unreasonable, and unnecessary” inspections several times a week. The cost of the inspections were then automatically added to the outstanding loan amount, resulting in less equity in the houses. Michigan-based Celink, who was contracted for the inspections, is also named in the suit.

## Common Targets of Mortgage Companies

Victims of mortgage fraud are often those holding reverse mortgages. The reason the elderly are often targeted is because only people 62 or older are eligible for these loans. Reverse mortgages, once a rarity, are expected to increase in numbers as more baby boomers become eligible.

Also known as home-equity conversions, reverse mortgages allow older homeowners, often living on fixed incomes, to tap into the equity in their homes. Lenders, like Champion, pay the homeowner a monthly advance while they continue to live in the house.

Reverse mortgages are rising-debt loans, and interest is added to the loan’s principal each month. Therefore, the amount owed increases over time as the interest compounds.

If the residents fail to stay current with taxes or insurance, they can go into default and the mortgage company can foreclose on the house.

## Mortgage Companies Sell Confusing Products

According to a [report](#) by the Consumer Financial Protection Bureau, many consumers are unaware that reverse mortgages are a loan with interest due. Many are also unaware that they can lose their homes if they default. The report, and many consumer complaints, show a large disconnect between consumer expectations and the way in which reverse mortgages actually function.

Consumers complain that lenders refuse to refinance their loans because there is insufficient remaining equity in their homes. Homeowners also report further issues with lenders that don’t keep adequate records. For lenders like Champion, the frequent inspection charges are a subtle way of skimming extra money. Because the mortgages have no monthly payments due, homeowners can easily miss seeing the additional fees.

## Elder Abuse & Mortgage Fraud Claims

Both the Federal Bureau of Investigation (FBI) and the U.S. Department of Housing and Urban Development Office urge senior citizens to be vigilant when seeking reverse mortgage products.

According to Bureau statistics, reverse mortgages increased more than 1,300 percent since 1999, creating significant opportunities for fraudulent lenders.

[Reverse mortgage scams](#) can be created by unscrupulous professionals in a multitude of real estate and financial services, and aim to steal the equity of unsuspecting senior citizens.

In many reported scams, seniors are offered foreclosure or refinance assistance. Victims are frequently targeted through local churches, investment seminars, and other advertisements.

## Mortgage Fraud Lawsuits

In addition to inspection abuses, fraudulent lenders have also deceived senior borrowers with the following:

- Phony charges or inflated monthly payment amounts
  - Overdue balances and vague service fees
  - Withholding loan proceeds while forcing homeowners to make payments for the entire loan amount
  - Foreclosing on borrowers who are in compliance with loan terms
  - Failing to release liens on titles to borrowers' homes after loans are paid in full
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