

Finance of America Reverse to pay \$2.47 million to settle claims of HECM violations

Alleged activity took place prior to 2010 at Urban Financial

April 1, 2020, 5:28 pm By [Ben Lane](#)

Finance of America Reverse will pay a fine of \$2.47 million to settle allegations that **Urban Financial Group**, which **Finance of America** acquired in 2013, violated reverse mortgage lending rules prior to 2010.

The allegations were brought by the **Department of Justice**, which claimed that Urban Financial “violated the False Claims Act by knowingly originating and underwriting hundreds of home equity conversion mortgage loans insured by the **Federal Housing Administration** that did not meet critical **U.S. Department of Housing and Urban Development** requirements.”

According to the DOJ, prior to May 1, 2010, Urban Financial allegedly ordered appraisals on HECM loans using a form that provided appraisers with the loan amount and “otherwise improperly communicated certain information to them in an attempt to influence the appraised value,” which were violations of the FHA’s HECM requirements.

As part of the settlement, Finance of America Reverse will pay \$1.97 million to resolve the False Claims Act claims and an additional \$500,000 to HUD to resolve its administrative liability.

“Companies participating in federal programs must operate with honor and integrity,” said U.S. Attorney Timothy Shea of the District of Columbia. “This settlement sends a clear message that we will not tolerate fraud against programs designed to financially help our nation’s seniors.”

But the government noted that the claims against Finance of America are merely allegations, adding that there has no determination of liability.

“The department is committed to working with HUD to protect vital lending programs such as the FHA’s HECM program,” said Assistant Attorney General Jody Hunt of the Department of Justice’s Civil Division. “We will hold accountable those FHA lenders that knowingly and materially fail to abide by their promises to HUD.”

In a statement, Finance of America said the company is pleased to put this legacy issue further in the past.

“As the government has stated, this matter relates to origination practices occurring several years prior to Finance of America’s acquisition of Urban Financial (now known as Finance of America Reverse),” FAR President Kristen Sieffert said in a statement. “We are pleased to have brought this matter to a resolution and look forward to continuing to provide mortgage financing to the American public.”