

Tech Tuesday: Building a Digital Defense Against Elder Fraud (Part 4 - Real Estate Scams)

July 6, 2021



As we wrap up recognition of Elder Abuse Awareness Month, today's Tech Tuesday report will focus on our final topic of real estate fraud. For more information, go to <https://www.fbi.gov/scams-and-safety/common-scams-and-crimes/elder-fraud>.

Welcome to the Oregon FBI's Tech Tuesday segment. This week: we continue our series on building a digital defense against frauds targeting senior citizens.

Seniors are a prime target because they tend to be financially stable, to be trusting, and to be reluctant to say "no." We find this particularly true when it comes to real estate fraud schemes.

Reverse mortgage frauds, also known as home equity conversion mortgages, are one of the most popular real estate scams we see.

A legitimate home equity conversion mortgage is insured by the Federal Housing Authority or FHA. It allows eligible homeowners to access the equity in their homes by providing funds without the homeowner having to make a monthly payment.

When a fraudster finds a senior who is not familiar with the requirements or the process, the results can be devastating. In some cases, the fraudster will pressure the senior into taking inappropriate reverse mortgages. They may also pressure the victim to use some of that money to buy an expensive annuity... an annuity that may not even mature for many years.

Another kind of real estate scam involves using seniors as straw buyers. The criminal says he wants to buy a house, but – for whatever reason – says he can't get approved for the purchase. The senior agrees to sign the papers for him as a favor, or maybe the fraudster offers him a few thousand dollars bonus. The criminal could be a real estate agent, lender, appraiser, investor, or new friend. In the end, the bad guy often ends up skimming the equity and leaving the victim holding a hefty 30-year mortgage with potential criminal liability.

In other related real estate scams, the criminals may offer the victims free homes, investment opportunities, or foreclosure and refinance assistance. The result is often the same – you lose that cherished nest egg and your credit history is in ruins.

Here's how you can protect yourself and family members:

Don't respond to unsolicited ads.

Be suspicious of anyone saying you can own a home with no down payment – or flip a house by signing for a mortgage you don't want.

Don't sign anything that you do not fully understand.

Don't accept payment for helping someone else to buy a house that you do not intend to live in.

If you want to pursue a reverse mortgage lender, seek out one who is approved by the U.S. Department of Housing and Urban Development.

If you have been victimized by an online scam, report your suspicious contacts to the FBI. You can file an online report at the FBI's Internet Crime Complaint Center at www.ic3.gov or call your FBI local office.