**SERVICING DEFICIENCIES, VIOLATIONS OF FEDERAL REGULATIONS, STATE LAWS & CONSUMER PROTECTIONS**

Here is the list of what goes wrong in the servicing of reverse mortgages. These practices take you loan out of good standing, prohibit you from accessing your reverse mortgage funds and lead to foreclosure. If you experience any of these practices do not delay in reaching out for help.

*Communication*

1. Mislead/deceive Consumers in written and verbal communications and fail to inform the consumer of their HUD rights and options

2. No Single Point of Contact, No Customer Support; refuse to provide guidance to satisfy loan;

3. Refuse to grant “HUD authorized time and/or extensions for repayment” to borrowers or heirs; Customer Support Reps obstruct consumer from exercising their rights and deny requests for payoff statements, appraisals, or all other rights;

4. Claim they did not receive consumer documents, did not receive documents in time, or not in the proper format;

*Legal Authority*:

5. Refuse to speak to consumers without proof that title has been conveyed as soon as  30 to 60 days from the death of the borrower.

6. Make a legal determination on the validity/and or legal authority of consumer documents such as trusts, wills, or affidavit of heirship.

7. Demand Trusts are recorded violating privacy rights, state laws and federal
regulations.

8. Refuse to speak to heirs without proof of legal authority to represent borrower’s estate.  May require the consumer to retain legal counsel, or a court order at an unnecessary cost to the consumer;

9. Refuse to wait for probate to be complete before initiating foreclosure.

10. Accelerate foreclosure and auction 30 to 60 days after the death of the borrower

*Appraisals*

11. Charge consumer appraisal fees for exterior only (drive by) appraisals not in compliance with 24 CFR 206.125 & HUD Handbook

12. Refuses to perform the HUD required appraisal or provide a copy of the appraisal to determine the 95% option.

13. Inflates appraisal to prohibit consumer from the 95% option

14. Claims the consumer must pay for a exterior only or HUD Appraisal.

*Force Placed Insurance*

15. Force Placed insurance costs 10 to 20 times or more as the same coverage a consumer can obtain

16. Force Place insurance when the consumer already has insurance agreed to in the original contract

17. When consumers can’t pay the force placed premium Servicer forecloses

18. Servicer receives kickbacks from the force placed premium

19. Lender backdates policies a few months to years

*Repayment and Foreclosure*:

19. Use of State laws to violate HUD regulations to accelerate foreclosure.  Example:
Servicer is required by Federal Law to communicate with all known heirs.  Servicer uses the CA Notice of Default declaration to claim they do not have to speak to anyone (heirs) because they are not qualified borrowers.

20. Refuse to allow repayment of the loan balance;

21. Refuse to allow repayment of loan at the 95% (appraised value) option – short sale;

22. Refuse to allow the heir a Deed in Lieu without probate (will or intestate).  No benefit to the consumer and will cost thousands of dollars to turn the property over to the Lender.

23. Dual Tracking:  Auction property when consumer has loan approval or sales contract

24. Backdate legal documents to accelerate foreclosure

25. Refuse to allow HUD authorized repayment plans for Tax & Insurance defaults

26. Refuse to recommend or initiate Federal Hardest Hit Fund State Programs that provide up to $50,000 relief for Tax & Insurance defaults.  \*\* See Regulations and Laws page

27. Claim the Borrower doesn't occupy the property knowing they do.