



# **MORTGAGE BANKERS ASSOCIATION QUALITY ASSURANCE CONFERENCE**

## **REVERSE MORTGAGE (HECM) QUALITY CONTROL AND QUALITY ASSURANCE**

# AGENDA

- Have Fun!
- Introduction of the Panel
- Basic QC Review
- Areas of Reverse Mortgage (HECM)
- Future Fraud Areas
- Legal Ramifications

# Question & Answer

What is the primary HUD Handbook reference for Reverse Mortgages (Home Equity Conversion Mortgages)?

# BASIC QC REVIEW

- 4235.1 REV – 1 Chapter 6
  - Eligibility
  - Third – Party Fees
  - Requirements for Closing
- 4165.1 REV – 2
  - HECM Pre-Endorsement Review Checklist

# BASIC QC REVIEW

- Understand the Program (What does it take to qualify)
- Evidence of Social Security Number
- Evidence Borrower Received Counseling
- Credit Report
- Appraised Value
- Residency
- Power of Attorney
- Living Trusts
- Trustees / Trusts
- Check for Registered Death Certificates

# **BASIC QC REVIEW**

Enclosures 4235.1 REV – 1 Chapter 6

- Third – Party Fees
- HECM Pre – Endorsement Review Checklist

# Future Fraud Areas

Why would someone commit HECM Fraud?

- Avoid inheritance tax
- Continuous or Lump Income
- Feel Entitled to the Property or Money

# Future Fraud Areas



ma and pa kettle math.flv

# Future Fraud Areas

Be an investigator!

Identity Theft



# Future Fraud Areas

- Appraised Value (Bribes, Relatives, Friends)
- Residency (Who is verifying)
  - Drive by and knock on the door
  - Field Review Appraisals
- Follow the money
  - Who has access to the accounts
  - Signing Authority
  - Via Legal Documents

# Future Fraud Areas

- Power of Attorney (Limited or Full)
  - Contact the Attorney who prepared it
  - Contact the Notary
- Living Trust (allows an individual (the grantor or trustor) to create a trust and appoint someone else as trustee )
- Trustees / Trusts
- Check for Registered Death Certificates
- Forgeries

# Question & Answer

What year were HECMs made available?

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1982