

Home Equity Theft and Other Emerging Scams Impacting Older Adults

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Housekeeping

- All on mute. Use Questions function for substantive questions and for technical concerns.
- Problems getting on the webinar? Send an e-mail to NCLER@acl.hhs.gov.
- Written materials and a recording will be available at NCLER.acl.gov. See also the chat box for this web address.

About NCLER

The National Center on Law and Elder Rights (NCLER) provides the legal services and aging and disability communities with the tools and resources they need to serve older adults with the greatest economic and social needs. A centralized, one-stop shop for legal assistance, NCLER provides Legal Training, Case Consultations, and Technical Assistance on Legal Systems Development. Justice in Aging administers the NCLER through a contract with the Administration for Community Living's Administration on Aging.

About NCLC

- Since 1969, the National Consumer Law Center® has used its expertise in consumer law and energy policy to work for consumer justice and economic security for low-income and other disadvantaged people in the U.S.
- **Racial Justice and Equal Economic Opportunity Project**
- NCLC works to address systemic racism and advance economic justice for consumers of color.

About NHLP

National Housing Law Project (NHLP) is a legal advocacy center focused on increasing, preserving, and improving affordable housing; expanding and enforcing rights of low-income residents and homeowners; and increasing housing opportunities for underserved communities. Our organization provides technical assistance and policy support on a range of housing issues to legal services and other advocates nationwide.

Scams During the COVID-19 Era

- According to the FTC, consumers reported losing more than \$5.8 billion to fraud in 2021, an increase of more than 70 percent over the previous year
- Older adults are targeted by romance scammers, imposters, identity thieves, home equity thieves, and other fraudsters
- Older adults are less likely to report losing money to scams than younger consumers
 - When they did report such loss, the dollar amount was significantly higher
- Consumers eighty years old and over reported a median loss of \$1,800 to fraud in 2021
 - An amount three times the median loss reported for consumers under age 60

Older Adults & Scams (1 of 2)

- Scammers contact victims by telephone, including robocalls and text messages, and trick older adults into revealing personal financial information or sending money
- Money is transferred via gift cards, wire transfer, peer-to-peer (“P2P”) platforms like Venmo, and by other means
- Personal financial information is used to access the consumer’s bank account, open credit card accounts, or create other fake accounts in the older adult’s name

Older Adults & Scams (2 of 2)

- Scams are also promoted heavily through email and online phishing scams, social media, and direct mail
- Older adults with special types of assets (e.g., homes, pension plans) may be targeted for particular types of scams
- Limited English proficient (LEP) older adults are exposed to scams in their own language, and may lack in-language information from reputable sources

Imposter Scams

- Pretending to be someone else to get money or personal information from a consumer
- Government imposters trick older adults into disclosing financial information by offering assistance in obtaining health or government benefits
- Romance scams occur when scammers adopt a fake identity to gain a victim's affection and trust

Identity Theft

- Unauthorized access and use of an older adult's financial or personal information
- Stolen as a result of phishing, other online scams, lost or stolen wallet, data breach, high tech skimming of credit card information during a legitimate business transaction
- Credit card fraud, tax fraud, and other financial scams

Home and Mortgage-Related Scams

- Promise access to federal or state anti-foreclosure programs
- Assistance negotiating workout with loan servicer in exchange for an up-front fee
- Provide little or no service and disappear with the money
- Complex equity-theft schemes

Barriers to Uncovering Scams

- Older adults with diminished capacity may not recognize that they have been scammed
- High risk for re-victimization if the scammer shares the victim's name with other scammers
- Victims may be embarrassed or worry that exposing the scam may lead to a loss of independence if they are perceived as incapable of handling their financial affairs
- Scams are reported by third parties, including family members, friends and caregivers on behalf of the older adult

Initial Considerations (1 of 2)

- It is important to take immediate action to stop the scam and further loss of money and assets
- Audit all financial accounts
- Examine bank and credit card accounts for unauthorized access and charges
- Stop or reverse charges
- Look at mortgage statement

Initial Considerations (2 of 2)

- Examine credit reports for new and fraudulent accounts
- Request a fraud alert or credit freeze from the three credit bureaus
- Contact IRS and SSA
- Recovery of income and assets may be possible, but is unlikely to make the older adult financially whole

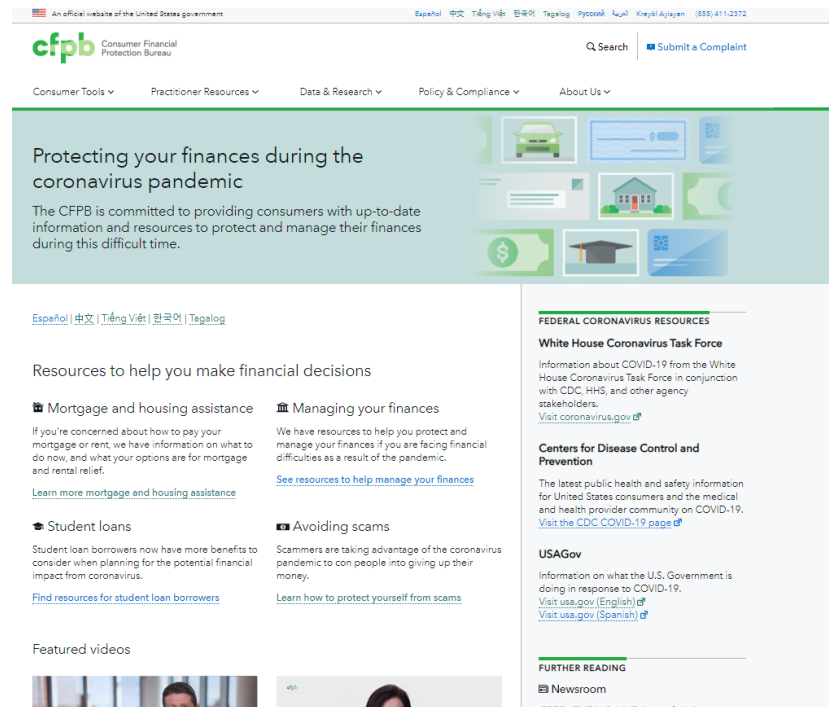
Federal Trade Commission

- Identitytheft.gov
- Report identity theft
- Checklist and recovery plan
- E-newsletter with scam of the week
- Sentinel database to track scams



Consumer Financial Protection Bureau

- Central hub on consumerfinance.gov
- Resources in English, Spanish, Chinese, Vietnamese, Korean, Tagalog
- Short videos & social media
- Printer-friendly PDFs for Asian languages + audio files
- Complaint Process



Consumer Protections

Credit Cards

- Unauthorized credit card use
 - Truth in Lending Act, 15 USC §§ 1643, 1666
 - Steals, borrows, or otherwise uses the consumer's credit card without permission
 - Consumer responsible for up to \$50
- Billing error protections
 - Challenge unauthorized charge or error on the monthly statement
 - Dispute in writing within 60 days of statement

Debit Cards

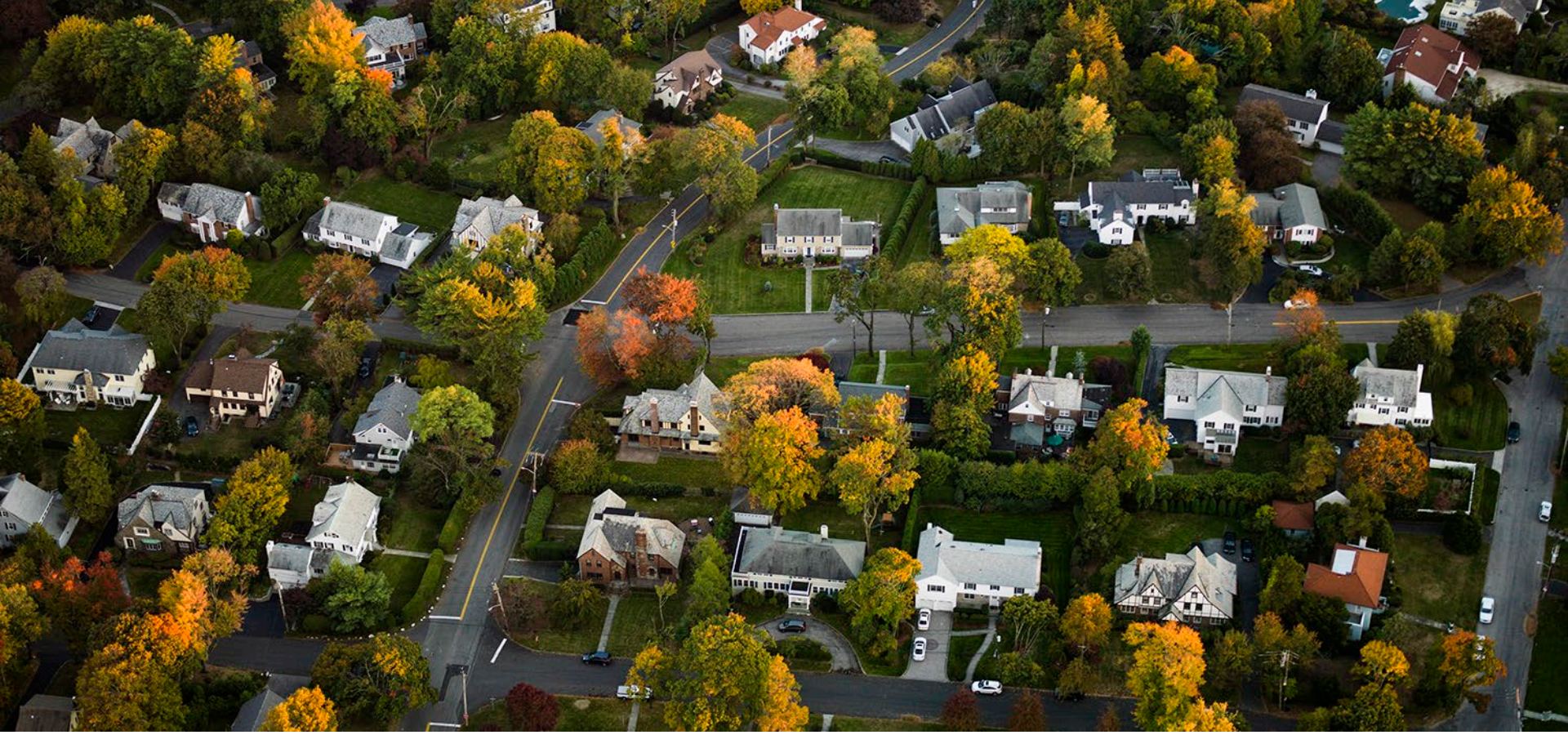
- Unauthorized debit card use
 - Electronic Funds Transfer Act, 15 USC §§ 1693-1693r
 - Unauthorized, fraudulent or illegal debits against bank accounts
 - Consumer responsible for \$0, \$50, \$500 or unlimited amount depending on when lost or stolen card or PIN was reported
- Dispute error on the monthly statement
 - Report unauthorized charge within 60 days of statement
 - Extenuating circumstance, e.g., hospitalization notification period extended

Abusive Robocalls

- Telephone Consumer Protection Act, 47 USC § 227
- Prohibits abusive methods of contacting consumers
- Telemarketing calls to consumers on national Do-Not-Call Registry
- Autodialed or prerecorded calls to cell phones or text messages without consent
- No calls to patient or guest rooms at nursing home, hospital, or similar health facility

Consumer Protection Policies

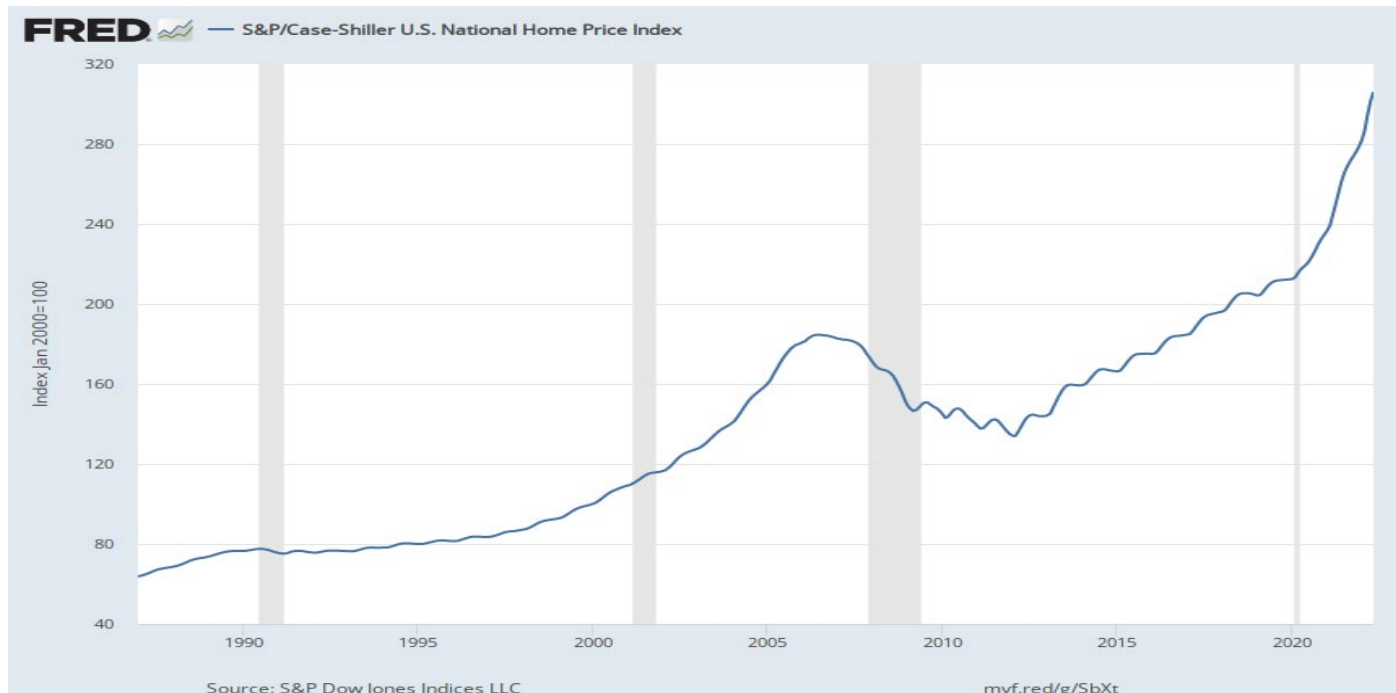
- Door-to-door sales
 - FTC Cooling Off Rule, 16 CFR § 429
 - Three day right to cancel
 - Sale made in the home or other off-site location
- Unfair and deceptive acts or practices
 - State consumer protection laws
 - Enhanced penalty if victim is an older adult



Home Equity Thieves

Historical Context

- Many homeowners now have significant equity in their homes due to soaring home prices.



Home Equity (1 of 2)

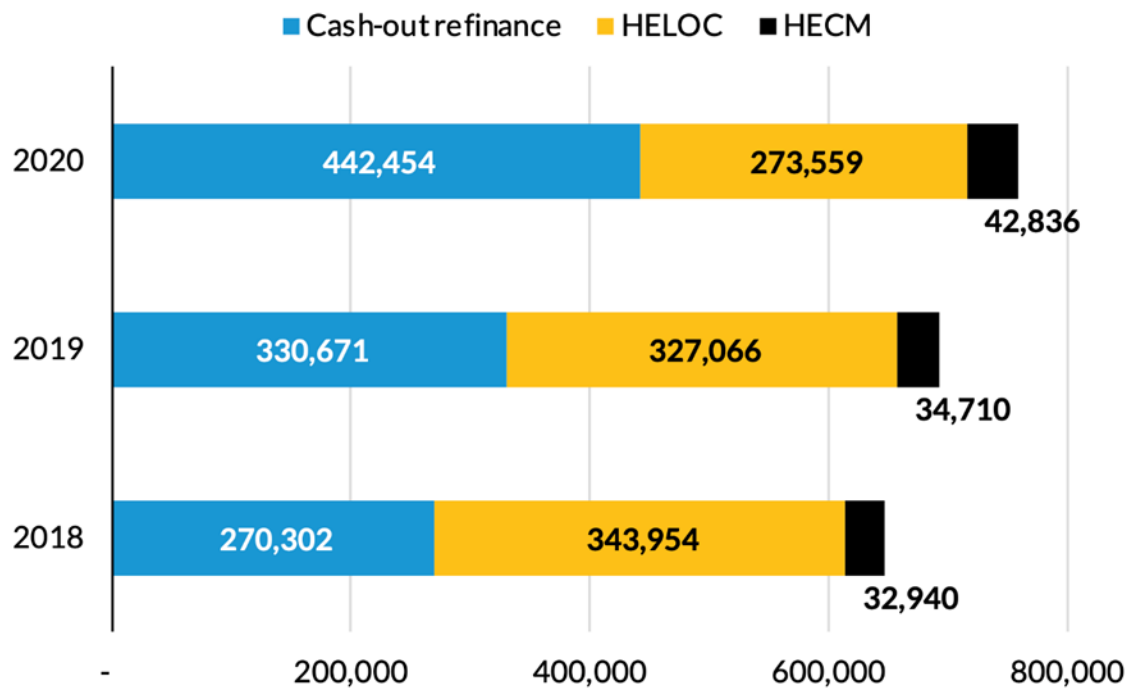
- Nearly 80% of older adults aged 65+ own their homes. ([U.S. Census](#), 2020)
- The average home equity for a senior homeowner aged 65+ is \$143,500. ([Joint Center for Housing Studies](#), 2019)
- Homeowners ages 62 and older collectively own \$9.2 trillion in home equity wealth. ([Urban Institute](#), 2021)

Home Equity (2 of 2)

- 9.7 million seniors owe money on a mortgage and/or home equity line of credit. Of these, 30% have payments that exceed one quarter of their income. ([Joint Center for Housing Studies](#), 2018)
- Older homeowners earning under \$15,000 annually had only \$9,000 in non-housing wealth in 2016, but \$80,000 in home equity. ([Joint Center for Housing Studies](#), 2018)

Senior Homeowners Are Increasing Extracting Wealth from Their Home Equity

Number of loan originations to homeowners ages 62 and older



Reasons for Concern in the COVID-19 Era

- Scammers are eyeing homes that now have more—often significantly more—equity.
- In some new gentrifying neighborhoods, property taxes are rising faster than incomes.
- Many homeowners are facing increased financial hardships due to unemployment or other COVID-related issues.
- Equity thieves are employing more sophisticated, well-developed business models.

We Buy Houses

- How residential property wholesalers use high pressure & deceptive sales tactics to steal homeowners' equity



Many Homeowners Receive Unwelcome Solicitations to Buy Their Homes

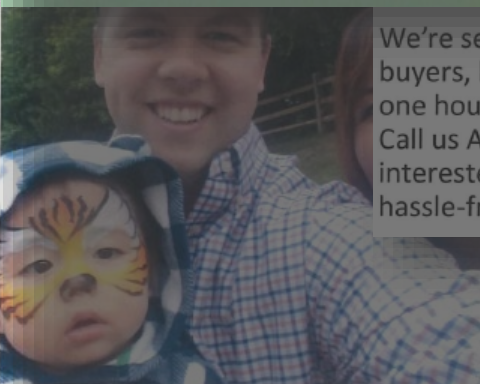
ATTENTION: [REDACTED] I'll pay cash for [REDACTED] and close fast! Call me at 267-272-0752 today.

At EZ Homes, we make selling houses just like yours fast, easy, and painless.

You don't have to worry about if or when your house will sell. You pick your closing date, and we pay you cash. **All you have to do is pick up the phone and call 267-272-0752.**

Is your home a fixer-upper? We'll buy it just as it is. You don't have to fix anything.

Our accurate cash offer comes with no additional expenses. There are no fees or commissions, no hidden closing costs, and no repairs.



We're serious "cash" buyers, but can only afford one house right now. Call us ASAP if you are interested in us making a hassle-free offer today!

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...the agent commissions, repairs, closing costs, and property upkeep while you're waiting to find a buyer.

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...ase more property in your

Don't Want? ...opportunity to
...terested in listing

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to speak with you about your property at:

fer that is waiting for your response. If we don't
n, your cash offer will be terminated for good.

Common Abusive Practices

- Aggressive solicitation
 - e.g., phone, mail, text, door hangers, post-it notes on door
- Building fake rapport
- Down-playing the value of the home
- Overstating the downsides of working with a realtor
 - “You would need to spend \$40K on repairs before a realtor would list this house...”
 - “That 6% commission is a lot of money...”
- Pressure to sign a contract **today**
- If homeowner changes their mind, they may face lawsuit to enforce the agreement

Homeowner Benefit Program (1 of 2)

MV Realty will pay you to work with us when you're ready.
Here's some of the benefits to joining the Homeowner Benefit Program ®:



Absolutely No Credit Check Required

This is not a financing plan or loan, so your credit history is not applicable.



Get Cash without Borrowing

This innovative approach offers a great way to receive quick cash without taking out a loan, paying interest, or having monthly payments.



Full Time Real Estate Agent on Your Side

You get a dedicated resource for any of your real estate needs. You can find out the current market value of your home, new homes selling in your area, and current market trends.



No Requirement to Sell Your Home

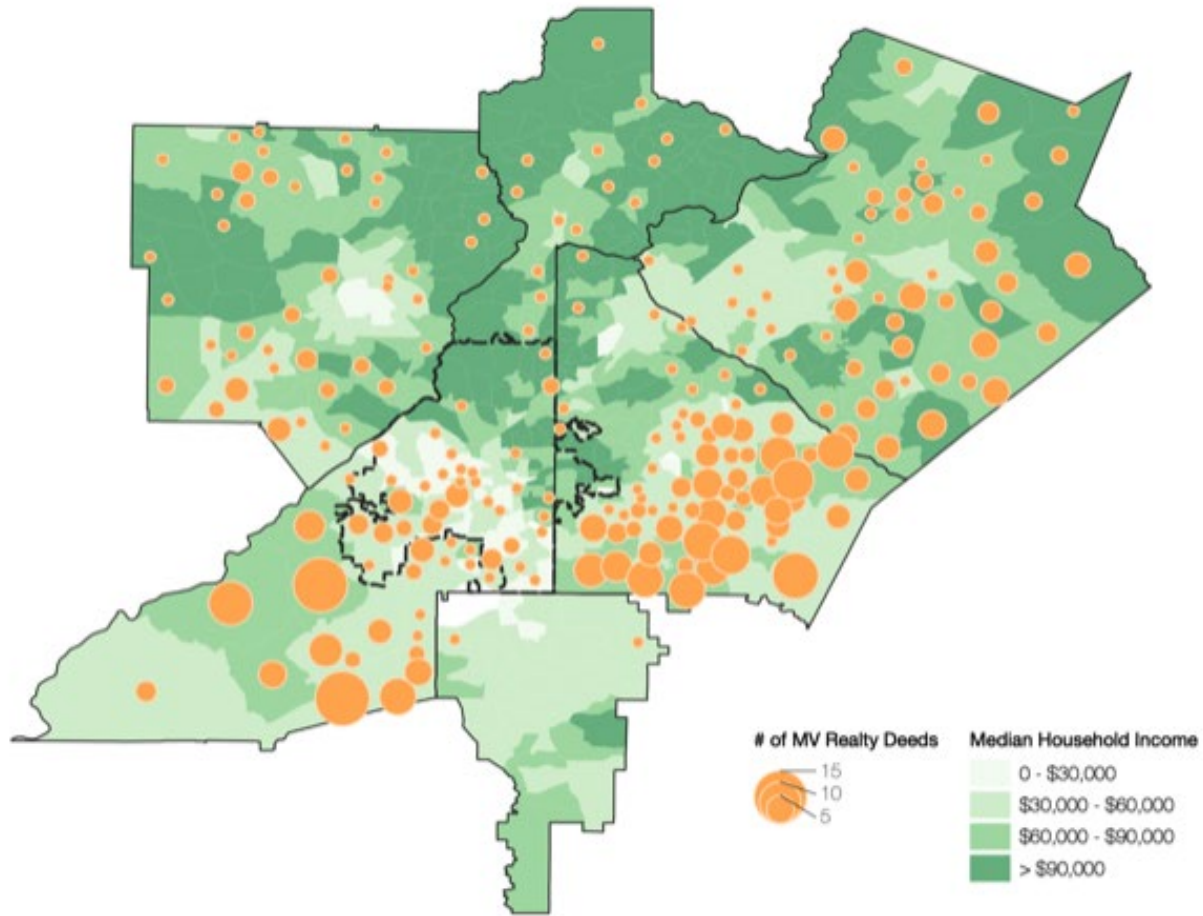
There is no requirement to sell. You keep this money no matter what, even if you never decide to sell your home.



Build Relationships with Innovative Local Experts

Gain home improvement recommendations to maximize the investment in your home, gain access to trusted local providers, and stay informed on a constantly changing real estate market.

Targeting



Homeowner Benefit Program (2 of 2)

FILED 3/17/2021 2:38 PM CLERK OF SUPERIOR COURT DEKALB COUNTY GEORGIA

JAB

IN THE SUPERIOR COURT OF DEKALB COUNTY
STATE OF GEORGIA

MV Realty PBC, LLC
Plaintiff

Vs.

Defendant

) CIVIL ACTION FILE NO.

)

)

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)

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COMPLAINT

Comes now MV Realty PBC, LLC ("Plaintiff" or "MV"), a Florida limited liability company, by and through its undersigned counsel, hereby brings this action against [REDACTED] ("Defendant"), and respectfully shows the Court as follows:

19. Alternatively, Plaintiff is entitled to actual damages which are directly caused by Defendant or to liquidated damages. Per Paragraph 3.a. the Agreement, Defendant shall compensate MV 3.00% of the greater of (i) \$230,360.00 or (ii) the fair market value of the Property at the time of the Property Owner's breach, as reasonably determined by the Company. Accordingly, Defendant shall owe MV at least 3.00% of \$230,360.00 which is \$6,910.80.
20. MV has been required to retain the services of the undersigned counsel to prosecute this action and is obligated to pay counsel an hourly fee for services rendered plus expenses incurred. These amounts continue to increase and are not yet fully determined. Plaintiff is entitled to recover these amounts from Defendant as damages.

21. Pursuant to Paragraph 5 of the Agreement:

- a. Property Owner's obligations hereunder shall constitute covenants running with the land and shall bind future successors in interest to title to the Property. Should Property Owner default under this Agreement, any amounts owed by Property Owner to Company as a result of such default shall be secured by a security interest and lien in and against the Property as security for the amounts owed by Property Owner to Company.

22. Alternatively, Plaintiff petitions the Court to impose a lien against the Property as security for the amounts owed to Plaintiff based upon each breach by Defendant.

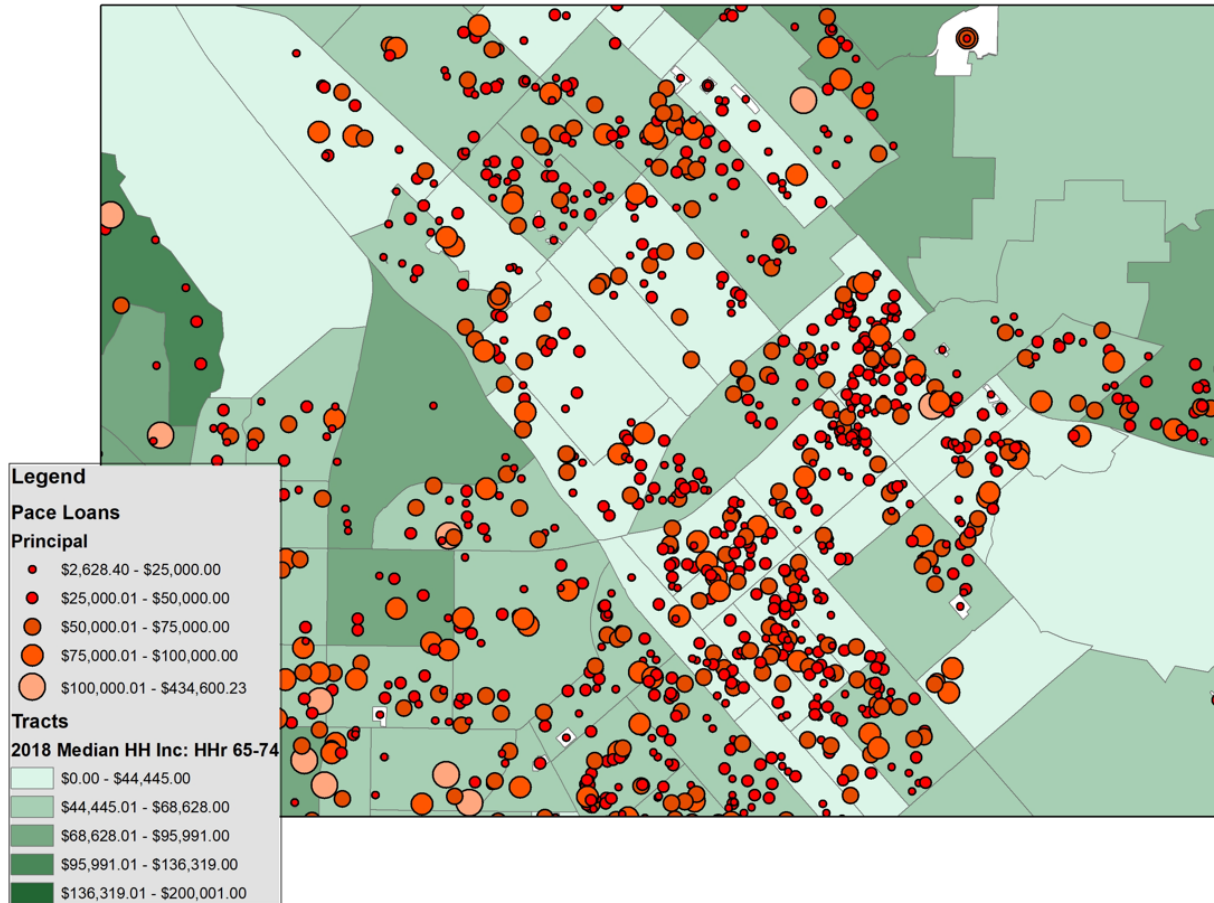
23. Alternatively, Plaintiff moves to *judicially foreclose* the lien upon the Property, and to have the Court direct the Sheriff to advertise and expose the Property for sale, and use the proceeds to compensate Plaintiff for the amounts it is owed. See O.C.G.A. § 44-14-530 et seq.

Property Assessed Clean Energy

- Sold door-to-door by contractors and financing authorized through electronic signatures
- Secured by the equity in the homeowner's property
- Added onto homeowner's annual property tax bill
- "First lien" position
- Assessment amount includes the cost of the improvements plus capitalized interest and financing charges, and is typically repaid over 10-25 years
- Average PACE Assessment is 25k but could be 100ks

PACE

PACE LOANS - Eastern San Fernando Valley



Resources From NCLC

- [National Consumer Law Center Website](#)
- Advice and Assistance
- Expert witness and complex case consultation
- Co-counseling on high-impact cases
- Listservs

Co-Counseling with the National Consumer Law Center (NCLC)



Why Co-counsel With NCLC?

NCLC sets an example for ethical, principled consumer law practices and encourages broader participation in such efforts by directly joining the litigation battle in partnership with new recruits as well as seasoned veterans. We offer a unique set of resources that can play a critical role in providing high quality representation to low income and elderly consumers in select class actions and high-impact cases.

First, NCLC is the leading national expert on legal and policy issues concerning low-income consumers. For over 40 years, NCLC has earned respect for its dedicated, informed, and well-researched consumer law advocacy. The professional integrity of the organization has consistently been recognized by the courts. NCLC will not become involved in a case unless the consumer issues presented are material, significant, and meritorious. Therefore, NCLC's participation in a consumer case will impact the way the action is perceived by adversaries, the court, and the public.

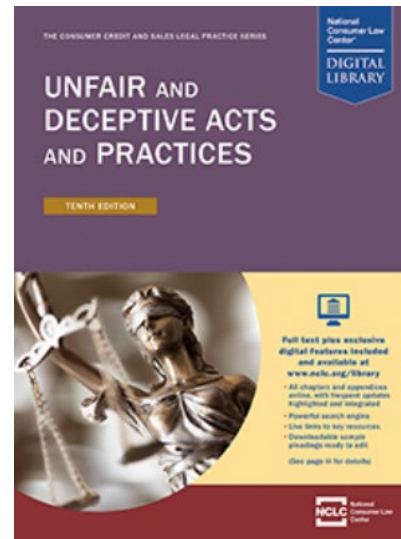
LITIGATION & SERVICES

Litigation ›

Expert Witness Services and Complex Case Consulting Services ›

Publications

- [Digital Library & Bookstore](#)
- Consumer Law Treatises
- Articles
- Reports and issue briefs



Training

- Summer Mortgage Conference
- Consumer Rights Litigation Conference
- Webinars & presentations



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Case Consultations

Case consultation assistance is available for attorneys and professionals seeking more information to help older adults. Contact NCLER at ConsultNCLER@acl.hhs.gov.