



## Seniors were sold a risk-free retirement with reverse mortgages. Now they face foreclosure.

Urban African American neighborhoods are hardest hit as nearly 100,000 loans have failed.

By Nick Penzenstadler and Jeff Kelly Lowenstein, USA TODAY

Updated 10:54 a.m. EDT June 17, 2019

**I**n a stealth aftershock of the Great Recession, nearly 100,000 loans that allowed senior citizens to tap into their home equity have failed, blindsiding elderly borrowers and their families and dragging down property values in their neighborhoods.

Show caption 

In many cases, the worst toll has fallen on those ill-equipped to shoulder it: urban African Americans, many of whom worked for most of their lives, then found themselves struggling in retirement.

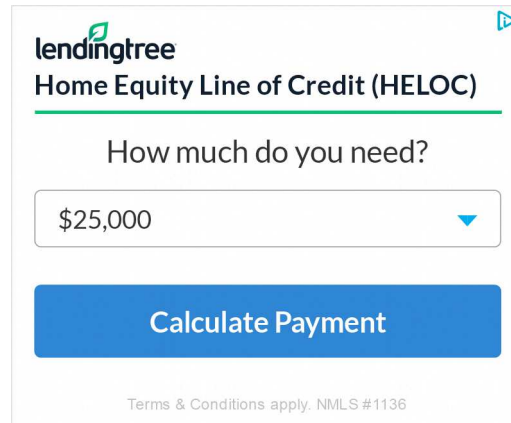
of changes to protect seniors. USA TODAY's review of government foreclosure data found a generation of families fell through the cracks and continue to suffer from reverse mortgage loans written a decade ago.

These elderly homeowners were wooed into borrowing money through the special program by attractive sales pitches or a dire need for cash – or both. When they missed a paperwork deadline or fell behind on taxes or insurance, lenders moved swiftly to foreclose on the home. Those foreclosures wiped out hard-earned generational wealth built in the decades since the [Fair Housing Act of 1968 <sup>1</sup>].

Leroy Roebuck, 86, rode the bus his entire career to a nearby curtain manufacturer. When he needed to make home repairs, he turned to reverse mortgages after seeing an ad on television.

Ten years ago, he forgot to renew his homeowners insurance, which cost about \$2,000 a year. Including fees and penalties, his loan servicer says he now owes more than \$20,000.

Advertisement



The image shows a screenshot of a LendingTree advertisement for a Home Equity Line of Credit (HELOC). The ad features the LendingTree logo, the product name, a question 'How much do you need?', a dropdown menu with '\$25,000' selected, a blue 'Calculate Payment' button, and a small disclaimer at the bottom: 'Terms & Conditions apply. NMLS #1136'.

Roebuck's first foreclosure notice came in the mail six years ago, and he is still fighting to hold on to the brick walk-up he bought from his parents in 1970, living in it through a special health exemption to foreclosure.



Leroy Roebuck, 86, of Philadelphia, is fighting to keep his home of at least 55 years where he raised all his kids.

JASPER COLT, USA TODAY

“I told my son, ‘Never. They ain’t gonna take this house,’ ” Roebuck said. “I’ll go to the deep blue sea, they’re not going to take this house.”

Elderly homeowners and their adult children told similar stories in big city neighborhoods across the USA.

Borrowers living near the poverty line in pockets of Chicago, Baltimore, Miami, Detroit, Philadelphia and Jacksonville, Florida, are among the hardest hit, according to a first-of-its-kind analysis of more than 1.3 million loan records. USA TODAY worked in partnership with Grand Valley State University, with support from the McGraw Center for Business Journalism.

Consumer advocates said the analysis supports what they have complained about for years – that unscrupulous lenders targeted lower-income, black

“  
***I told my son, ‘Never. They ain’t gonna take this house.’ I’ll go to the deep blue sea, they’re not going to take this house.***”

*Leroy Roebuck, of Philadelphia, who filed for bankruptcy and is still facing foreclosure on his home*



---

USA TODAY found that reverse mortgages end in foreclosure six times more often in predominantly black neighborhoods than in neighborhoods that are 80% white.

Even comparing only poorer areas, black neighborhoods fare worse. In ZIP codes where most residents make less than \$40,000, the analysis found reverse mortgage foreclosure rates were six times higher in black neighborhoods than in white ones.

The foreclosure disparity resembles a more familiar scenario from the late 2000s, when subprime lenders targeted specific neighborhoods with risky loans doomed to fail, according to the nation's lead reverse mortgage researcher.

## FORECLOSURE RATES 2010-2011

Pockets of the country, particularly urban, African American neighborhoods were hit hard by reverse mortgage foreclosures. Many were targeted by reverse mortgage brokers after the recession when money was tight in neighborhoods where credit was traditionally less accessible. Enter your ZIP code to see your rates. Click or tap for more details.

Foreclosures per thousand senior residents



© Mapbox © OpenStreetMap

SOURCE U.S. Department of Housing and Urban Development, U.S. Census Bureau

**More:** Explore the USA TODAY map of reverse mortgage foreclosures

Stephanie Moulton, associate professor of public policy at Ohio State University, said cash-strapped minority borrowers were easy

“These areas had demand, and they couldn’t access credit any other way,” she said.

In hundreds of reverse mortgage default cases reviewed by USA TODAY, the homeowners’ original financial needs were basic, the kinds of challenges – house repairs and medical bills – that those with easier access to credit and more disposable income can weather with a second traditional mortgage or [home equity loan <sup>2</sup>].

Brokers desperate to replace income lost from the real estate crash with new commissions didn’t wait around for homeowners to come in seeking reverse mortgages, either. They went to where they knew people needed money and sometimes walked door-to-door, targeting houses with decaying roofs or leaky windows. Door hangers advertised a “tax-free” benefit for seniors.

[Cherelle Parker <sup>3</sup>], a councilwoman on Philadelphia’s north side, called reverse mortgages a scourge on her community that has put unnecessary financial and emotional strain on seniors. Not only has the area weathered more foreclosures, but the damage cuts deeper.

“Now that asset, that equity, is being drained out of some of the most vulnerable communities in America,” Parker said. “We’ve asked: Why was Philadelphia so targeted to get this loan product? ... America should pay attention.”

The broader public also pays a steep price. Reverse mortgages are insured by a Federal Housing Administration fund, which is in the red more than \$13.6 billion because of an increase in claims paid out to reverse mortgage lenders since the recession.

Federal regulators and industry leaders cautioned that numbers alone tell only part of the story, since many foreclosures result from the natural end of reverse mortgages: the homeowner’s death. The average term of

## More in this series

10 questions to ask before getting a reverse mortgage

Reverse mortgages can be risky; here are ways to fix them

What are reverse mortgages and how do they work?

How we investigated reverse mortgage foreclosures

Help us report this story

**Are you thinking of getting a reverse mortgage? Who should consider one and who shouldn't**

push the property through foreclosure.

Regulators said actual evictions of seniors are rare.

There's no way to verify that, though, since HUD, the top government regulator of [Home Equity Conversion Mortgage <sup>4</sup>] loans, does not sign off on evictions – or even count them.

A foreclosure is a failure, no matter the trigger, said Sandy Jolley, a California consumer advocate and whistleblower who helped the government secure an [\$89 million penalty <sup>5</sup>] against reverse mortgage companies two years ago.

“For HUD or anyone else to say that people dying and foreclosure is the natural end to a reverse mortgage is ridiculous,” Jolley said. “No consumer gets into one of these thinking, ‘Eventually my home will go into foreclosure.’ All foreclosures are unnecessary, and this increase indicates a failure of the program to deliver on its promise.”



### **Promised retirement stability through reverse mortgages, seniors now face foreclosure**

Urban African Americans are hardest hit as nearly 100,000 loans have failed.  
JASPER COLT, USA TODAY

### **■ How reverse mortgages work**

Reverse mortgages were [invented in 1961 <sup>6</sup>] by a Maine lender trying to help a widow hold on to her home. The concept

They work like this: Lenders appraise the value of a house and allow homeowners to borrow back money against that market value.

Borrowers can stop making monthly mortgage payments, and they can stay put for life, so long as they maintain the home and pay property taxes and insurance. For years, reverse mortgages required no [credit check <sup>7</sup>] and government-mandated financial counseling can be as easy as a 20-minute phone call.

At the end – a move out, death or default – the bank calls the loan due, to be paid back either by the sale of the home or an heir or homeowner repaying the loan money. Lenders and their investors make their money through origination fees that can top \$15,000 with fees and mortgage insurance, and by charging interest on the loan balance.

For many homeowners, reverse mortgages are relatively safe, because the borrower is insulated from ever owing more than the initial appraised value of their home.

Problems emerged in the wake of [“full-draw” loans <sup>8</sup>] in the late 2000s, when reverse mortgage lenders issued a lump sum to a borrower. Sales picked up as Americans began struggling financially and property values eroded.

Since reverse mortgages assume the home will continue to appreciate, loan balances in some cases ballooned well past the market value of a post-recession home. Inflated appraisals also played a role.

Leroy Roebuck’s home was appraised at \$112,000 in 2008. That allowed him to take out up to \$83,000 in equity. By the time he was solicited for a second reverse mortgage, an appraiser said it was worth \$241,000, allowing him up to \$163,000 more. He borrowed \$102,000 in all.

The 104-year-old house near Temple University is worth far less today, about \$165,000.

At the [National Reverse Mortgage Lenders Association <sup>9</sup>],

**Six steps  
advocates  
say would  
curb reverse  
mortgage  
foreclosure**

[Read the  
story](#)

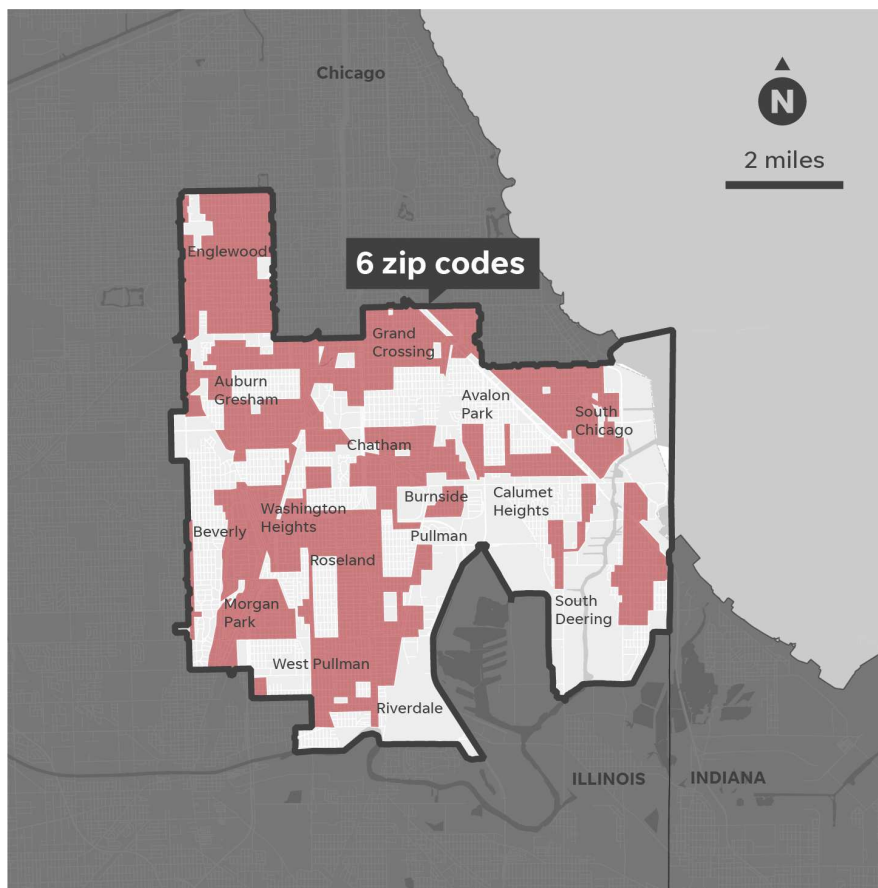


“We’re paying for an era where people were borrowing to survive,” Bell said. “We now look for people that are comfortable in their retirement with a plan and resources to maintain their basic obligations – but could use a little extra help for a particular need or quality of life.”

## Foreclosure epicenter also damaged by redlining

This area of Chicago, encompassing six ZIP codes, endured more than 1,000 reverse mortgage foreclosures in the past five years – more than many entire states. Pockets of the area were still suffering from the 1930s redlining that froze out black borrowers for decades.

 Redlined area



SOURCE U.S. Census Bureau; University of Richmond: Mapping Inequality

The scar reverse mortgage failures leave on neighborhoods can be seen on a drive through Chicago's South Side with longtime resident and community organizer Pat DeBonnett. A cluster of six ZIP codes together have endured more than 1,000 reverse mortgage foreclosures over the past five years – higher than many entire states. Boarded up homes and empty parcels followed.

DeBonnett points out blocks in the Roseland area as “absolutely devastated.”

Yale and 113th fits that description. In the 60628 ZIP code, it is the epicenter of the reverse mortgage foreclosure crisis, where more homes have been seized than anywhere else in the nation.

The house at the end of the block that abuts train tracks is intact, but many others along the leafy green street are either boarded up or vacant.

Empty single-family and bungalow-style houses dot many of the blocks in neighboring Pullman, a comparatively prosperous neighborhood that is home to the A. Philip Randolph Pullman Porter Museum. Named for the fabled labor leader, the museum honors black workers' contributions to American history.



Lori Frazier pauses to reflect for moment while looking through her parents' home. After Frazier's father passed away, she and her family were surprised to...

[Show caption](#) ▼

JASPER COLT, USA TODAY

About 13,000 seniors live in the 60628, where lenders wrote about 760 reverse mortgages at the height of the program, through 2009. The loan origination rate – about 57 per 1,000 senior residents – is more than five times the national average. The foreclosure rate is even worse: more than nine times the average.

After foreclosing on a reverse mortgage, the Cook County Chancery Court taps people such as private attorney Gerald Nordgren to investigate who might have a claim to the house or be interested in buying it. For many family members, a conversation with Nordgren is the first they learn their parents signed reverse mortgage documents a decade ago.

“Adult children that have been trying to take care of their mother or father or both get the idea that 'When mom or dad passes, I'm going to have a little inheritance or get this place on the market,'” Nordgren said. “Then the death happens and ... here comes the foreclosure.”

That's what happened to Lori Frazier, whose father, Charles, died at 88 of a heart attack in the family home a few miles west of

Frazier tried to negotiate with the lender. Then her mother, Osie, died last May.



Lori Frazier and her daughter, Antoni, admire a purse left behind by Lori's mother, Osie. Photos of Charles and Osie Frazier are prominently displayed in the Frazier family home in Chicago.

JASPER COLT, USA TODAY

The loan servicer, Celink, filed a foreclosure lawsuit on the three-bedroom 1920s brick home. It had been in the family since 1974, after Osie came north from Mississippi and met Charles in Chicago.

Celink told Frazier in February that she could buy the house by paying off the loan's balance: \$209,053, including fees and interest. Frazier and her brother said it's far more than they can afford to pay.

The impending loss of the house she grew up in weighs on Frazier, her children and grandchildren. Until the foreclosure is finalized, they have access to retrieve belongings.

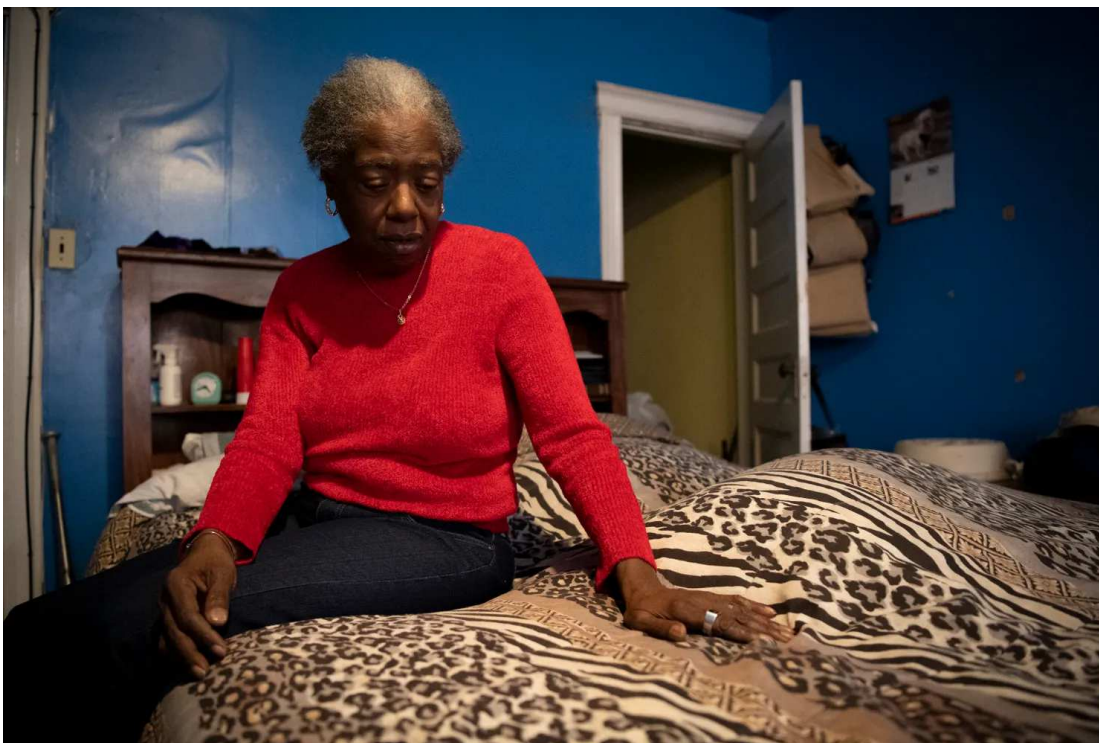
As she packed, Frazier relived memories of a home filled with jazz music, playing in the cul-de-sac with children from other young families and sneaking out at night to visit her high school boyfriend.

Her older daughter, Antoni, shares her mother's ache. As she tried on one of her grandmother's winter coats at the house on a brisk morning in February, she recalled annual block picnics and holiday

It's devastating to hear that no one can save it, all those years and everything they worked for," she said. "They were retired and living on a pension. What happened?"

The Frazier family foreclosure is not happening in a vacuum. Each foreclosure depresses home values within about 600 feet by 1%, according to a study in 2006 in the journal *Housing Studies*. As foreclosures mount, the study says, that figure compounds.

Five foreclosures in a few city blocks means a 5% loss for every neighbor.



Patricia Blair says she found her husband, Richard, in their bed after he died from heart problems in 2016. She says she thinks of that day every time she goes to bed.

JASPER COLT, USA TODAY

## ■ Grieving spouses face eviction

Patricia Blair moved back into her family home in 2004 and helped care for her mother, purchasing it three years later when her mother moved to a senior facility.

The row home on Lehigh Avenue is in a neighborhood that's 94% African American.

husband, Richard was 62 and she was 60 – below the federal threshold to qualify for a reverse mortgage. So they could receive the \$35,000 loan, her name was taken off the title, and she became what’s known in the industry as a “non-borrowing spouse.”

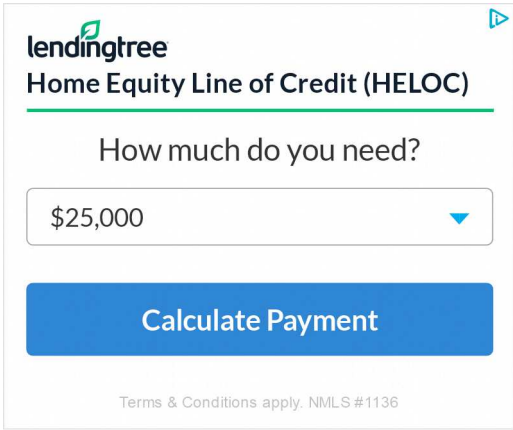
When Richard died in 2016, [Reverse Mortgage Solutions <sup>12</sup>] – the lender – launched a foreclosure action by suing Blair.

Widows not on the title must meet various deadlines – at 90 and 120 days after the death – to provide their loan companies with death certificates and other documents.

Blair sent in paperwork she thought solved the problem. She discovered she had missed one document – changing the deed to her name within 90 days – months later after a foreclosure notice arrived in her mailbox.

Blair is meticulous about her life, paying her bills on time, keeping her house impeccably neat. She has organized every scrap of paperwork tied to her reverse mortgage into handbags she’s lugged with her to Philadelphia’s downtown courthouse.

Advertisement



The advertisement is a white rectangular box with a thin border. At the top left is the LendingTree logo, which consists of the word "lendingtree" in a sans-serif font with a green leaf icon above the "i". To the right of the logo is a small blue play button icon. Below the logo, the text "Home Equity Line of Credit (HELOC)" is written in a bold, black, sans-serif font. Underneath this is a horizontal line. Below the line is the question "How much do you need?" in a black, sans-serif font. Below the question is a white input field with a rounded right side and a blue downward-pointing triangle on the right. The text "\$25,000" is entered into the field. Below the input field is a large, solid blue button with the text "Calculate Payment" in white, bold, sans-serif font. At the bottom of the box, in a small, grey, sans-serif font, is the text "Terms & Conditions apply. NMLS #1136".

**lendingtree**  
Home Equity Line of Credit (HELOC)

How much do you need?

\$25,000

**Calculate Payment**

Terms & Conditions apply. NMLS #1136

She said she can’t understand why she needs to move out. Just thinking about it makes her sob.



Patricia Blair looks through old clothes as she prepares to vacate her second-generation home and move into an apartment. She is overcome with emotion as she looks through her wedding photo album in the living room of her home.

JASPER COLT, USA TODAY

“Even though my husband didn’t have a will, I know the facts: I’m his wife of 40 years,” Blair said. “How do you think I don’t deserve to be here?”

After battling for almost four years with the help of two attorneys, Blair has given up. Now 69, she plans to move to an apartment this year.

Blair’s situation is not as unusual as it may sound.

Even when both husband and wife are old enough to qualify, reverse mortgage lenders often advise them to remove the younger spouse from loans and titles. Federal rules allow people to take out more money if they are older based on actuarial tables showing they have fewer years left to live.

A higher loan balance means higher closing costs and a bigger commission for brokers.

In response to a lawsuit filed by [AARP<sup>13</sup>], the federal government took action in 2014 to protect surviving spouses by giving them additional time if their names were not on the loans.

That doesn’t include those such as Blair whose loans predate that solution, adding to the spike in foreclosures of loans issued at the height of the recession.

“  
***Even though my husband didn’t have a will, I know the facts: I’m his wife of 40 years. How do you think I don’t deserve to be here?***

*Patricia Blair, who faced foreclosure and gave up a legal fight to keep her home*



all ZIP codes nationwide with at least one foreclosure.

Bell, the National Reverse Mortgage Lending Association president, said lenders would prefer to extend the deadlines for older borrowers but fear violating HUD guidelines. The federal agency is considering that action.

“No matter how heinous or heartbreaking the case, it’s not our call. There’s no wiggle room,” said Leslie Flynn, a senior vice president at Reverse Mortgage Solutions, a lender. “It takes a toll on employees.”

### ■ Sales pitches targeted seniors

For years, reverse mortgage companies have blitzed daytime television with trusted celebrity pitchmen, including Fred Thompson, [Henry Winkler <sup>14</sup>] and Robert Wagner.

Ads aired primarily on daytime syndicated programs such as "M\*A\*S\*H" and game shows such as "Wheel of Fortune," inviting seniors to “call now” to the 800 number on screen.

Winkler worked for One Reverse Mortgage, an online bank under the Quicken Loans umbrella. In one television spot, he told viewers if they “call now,” they would receive a free magnifying glass to read the fine print of their reverse mortgage.

Like the others, he doesn’t disclose that he’s a paid pitchman, not a satisfied consumer. Winkler, through his publicist, declined to comment.

Marketing pitches for reverse mortgages also came right to seniors’ doorsteps through mailers, door hangers and door-to-door salesmen.

They offered to “eliminate monthly payments permanently” with “a risk-free way of being able to access home equity” – neither of which is true, according to the [Consumer Financial Protection Bureau <sup>15</sup>]. “Always retain ownership,” “remain in your home as long as you wish” and “you can’t be forced to leave” were other frequent hooks, according to





Monique Sharp, left, says she suspects lenders targeted the neighborhood where her mother, Phyllis, lives because home values were rising.

JASPER COLT, USA TODAY

Phyllis Sharp, 78, found a hanger from Maryland-based All Financial Services on her doorknob in 2011. The same hanger seemed to adorn every front door in her South Philadelphia neighborhood, she said.

As a retired college pastry chef, Sharp felt pinched financially. She was attracted to the seemingly risk-free solution, using the \$56,000 loan to pay off the \$33,000 she owed on her traditional mortgage and do some repairs, including new windows. Today, her dispute is more complex than most: Sharp said she never received an \$18,000 installment check the lender said it sent her.

Sharp's daughter, Monique, suspects her mother's predominantly black and gentrifying neighborhood was targeted by the lenders because its home values were rising.

said. “It’s malicious.”

### **10 questions to ask about reverse mortgages**

Experts suggest seniors and their family members have an open discussion about these topics before they apply for a reverse mortgage. Here is a downloadable guide to help start those conversations.



Representatives from All Financial Services did not respond to written questions for this report.

A 750-member class-action suit in 2011 accused Urban Financial Group of targeting African American women homeowners with deceptive marketing and unfavorable loan rates in some West and South Side neighborhoods of Chicago.

The homeowners' law firm hired a statistician, who found that, in one year, 70% of Urban Financial loans in Chicago went to areas that were at least 80% African American. From 2001 to 2009, the company wrote more than half of its reverse mortgages in ZIP codes that were 80% black, according to USA TODAY's analysis.

The suit alleged brokers targeted the minority homeowners for the “mortgage products and overpriced home repair work that they did not need or cannot afford” to capitalize on elderly widows unaccustomed to both the home's finances and home repair.

The lead plaintiff in the class-action suit was an 85-year-old widow. She took out a \$181,800 reverse mortgage with high interest and more than \$12,700 in closing costs, fees and premiums. Normal closing costs for loans of other types range from 2% to 6% – or as low as \$3,600 in her case.

Urban signed a settlement agreement in 2013 denying all wrongdoing and paying borrowers \$672,000.

---

three lenders originated a third of the new loans – nearly 200,000 in all.

Since then, Bank of America and Wells Fargo have exited the market and the second largest lender, Financial Freedom, faced massive federal penalties related to false reverse mortgage insurance claims as it was sold to other banks.

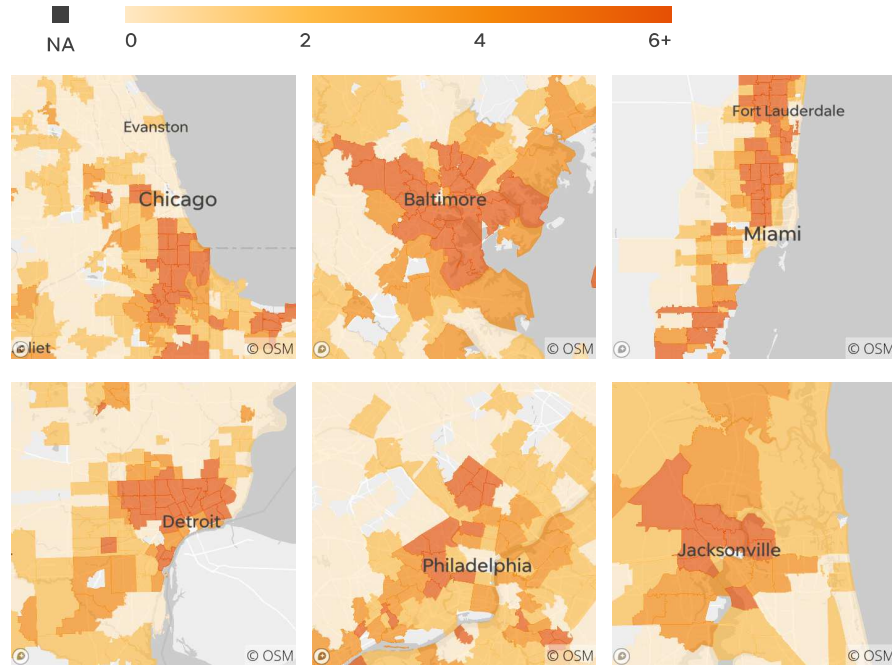
In their wake, the market began to fragment. The top two lenders – California-based American Advisors Group and One Reverse Mortgage – together account for about one in five new loans.

Around 1997, something else had started to shift. Until then, residents in African American ZIP codes had received fewer than 200 reverse mortgages per year. But, the HUD data shows, the number and percentage of loans to residents of black neighborhoods accelerated. Throughout the 2000s, they took on the loans at two to three times their share of the population.

Small-volume lenders such as Best Mortgage Services in Detroit and Gateway Reverse Mortgage Group in St. Louis wrote 81% and 63% of their loans respectively in neighborhoods that are predominantly black.

Borrowers living near the poverty line in pockets of Chicago, Baltimore, Miami, Detroit, Philadelphia and Jacksonville are among the hardest hit by reverse mortgage foreclosures.

Foreclosures per thousand senior residents



SOURCE U.S. Department of Housing and Urban Development, U.S. Census Bureau  
 Mitchell Thorson/USA TODAY

The figures surprised Jonathan Teal, former owner of Gateway. He folded the company in 2011 in the wake of the Dodd-Frank Act,

The company routinely sent out 10,000-piece direct mail campaigns that blanketed the St. Louis metro area, Teal said. He said his company did not target specific neighborhoods or races.

“We weren’t cold-calling anyone; we’d contact whoever responded to our mail.” Teal said. “Of course, I would prefer larger, higher-value homes, but ... you take what you can get.”

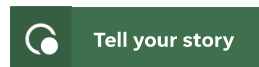
As loan activity spiked in 2009, a wave of complaints about marketing and servicing prompted the Obama administration and state authorities to crack down.

Six states issued penalties against one lender, American Advisors Group, claiming deceptive marketing and fraud in direct-mail solicitation that posed as official government correspondence, marked “Notice of Government Benefits.”

In 2011, the Consumer Financial Protection Bureau directed all reverse mortgage advertisers to disclose that the loans must be repaid after death or a move-out and aren’t a “government benefit” or “risk free.”

### Help us report this story

We want to hear about your experience with reverse mortgages, especially ones that ended in foreclosure or eviction.



That didn’t solve the problems. Four years later, the bureau put out a consumer alert about continued deceptive marketing, and in 2016, it fined three companies \$790,000: American Advisors, Aegean Financial and Reverse Mortgage Solutions.

Reverse Mortgage Solutions ramped up its sales pitch to seniors with a false sense of urgency, according to the government. One call script told potential customers they needed to sign by the end of the day, or the company would “turn your file down and you will

In the wake of sanctions on advertising, as well as improved underwriting and a financial assessment tool, fewer seniors take out reverse mortgages. At its peak toward the end of the past decade, 114,000 loans were written. By last year, that had dropped to less than 50,000.

Like the allowances for widows in 2014, many of the changes did nothing to protect the thousands of homeowners who already had paid millions to the lenders who wrote their loans. And many do little to stop the aggressive servicing of those loans that can push seniors closer to foreclosure.

The three companies accepted the CFPB penalties without admitting wrongdoing. In a statement after the penalty, American Advisors Group committed to comply with federal advertising.

The parent company of Reverse Mortgage Solutions, Ditech Holding, filed for Chapter 11 bankruptcy this February for the second time in 14 months. In April, Ditech asked that loan foreclosures be allowed to continue during the bankruptcy proceeding, and a judge agreed.

## ■ Small issues snowball for senior

Leroy Roebuck's loan is held by Reverse Mortgage Solutions, but his experience follows the twists and turns in the industry.

When Roebuck forgot to pay his insurance bill in 2010 and it cascaded into a foreclosure proceeding, Bank of America was his lender. Responding to the missed payment, the bank took out its own insurance policy for \$5,000 on the home and added the bill to his loan balance.



Leroy Roebuck has a special health deferment on his home's foreclosure.

JASPER COLT, USA TODAY

Bank of America announced it was leaving the market in 2011, and the next year, it transferred Roebuck's loan to Champion Mortgage, a lending division of Texas-based Nationstar. After that transfer, Roebuck's tab mysteriously snowballed to \$11,000. It hit \$17,000 by 2014. Champion Mortgage attributed the increase to unpaid taxes, insurance and various "costs and counsel fees."

That final bump triggered the foreclosure.

Roebuck entered a city-run diversion program to try to negotiate a proposed repayment plan – which was rejected by the lenders. The loan was transferred to Reverse Mortgage Solutions the following year. That company tacked on more fees, making his tab nearly \$20,000.

A Reverse Mortgage Solutions spokesman declined to answer a series of written questions for this report.

Even as Roebuck struggled, those in charge of Reverse Mortgage Solutions continued to profit. The Tampa-based lender has been led by four CEOs since 2016, many of whom reaped huge corporate bonuses even as the company foundered.

[Anthony Renzi <sup>16</sup>], president and CEO of Walter Investment Management, received a compensation package of \$5 million in



**If you think  
this is  
important  
journalism,  
please  
support us.**

Subscribe

loses that earned it the "worst performing company" label from a business journal.

By then, with the help of another low-cost community attorney, Roebuck, partially blind and arthritic, had received a health deferment of his foreclosure. He has filed both Chapter 7 and 13 bankruptcy and lives in the home year-to-year, at the mercy of a judge continuing to rule in his favor.

"This is like a nightmare, man," he said.

*This report was supported by The McGraw Center for Business Journalism at the Newmark Graduate School of Journalism at the City University of New York. Jeff Kelly Lowenstein is an assistant professor of multimedia journalism at Grand Valley State University. He formerly was a lecturer at Columbia College Chicago and was a database and investigative editor at Hoy Chicago. His students, Allison Donahue, Jamie Fleury and Shirley Keys, contributed to this report.*

## ■ Related stories from the USA TODAY Network

**Detroit:** Detroit leads the nation in reverse mortgage foreclosures

**Palm Springs:** California seniors turned to reverse mortgages to stay in their homes. More than 9,000 loans failed.

**Asbury Park, N.J.:** Ocean County has one of the nation's highest levels of foreclosures

**Naples, Fla.:** 17,000 older Florida homeowners at risk of foreclosure and homelessness

**Lansing, Mich.:** How many Lansing-area seniors have risked losing their homes to reverse mortgages?

**Livingston, Mich.:** How many Livingston Co. seniors risked losing homes to reverse mortgages?

**Arizona:** Sun Cities area has some of the highest reverse-mortgage foreclosures in U.S., investigation finds



## 1 FAIR HOUSING ACT OF 1968

The Fair Housing Act of 1968 was signed by President Lyndon B. Johnson as a follow-up to the Civil Rights Act of 1964. It prohibited discrimination in sales, rentals and financing of housing based on race, religion, national origin, sex, handicap or family status. It came in the wake of the assassination of the Rev. Dr. Martin Luther King Jr. the same year.

## 2 HOME EQUITY LOAN

A home equity loan is another alternative to a reverse mortgage. It taps into equity built up in the home but is based on access to credit — unlike a reverse.

## 3 CHERELLE PARKER

Parker serves as the District 9 city councilwoman in Philadelphia. Her district stretches through northwest and northeast communities. She says her mission is to bridge the gap between the haves and the have-nots in her community. Prior to her election to the council in 2015 she served for 10 years as a Pennsylvania state representative. She was the youngest African American woman ever elected to the state office in 2005.

## 4 HOME EQUITY CONVERSION MORTGAGE

The HECM product is a reverse mortgage insurance insured by the federal government. It accounts for a majority of reverse mortgages written in the country. It allows loans based on home equity by factoring in the age of the youngest borrower, current interest rates and appraised value of the home.

## 5 \$89 MILLION PENALTY

Financial Freedom agreed to the settlement in 2017 to resolve allegations that it violated the False Claims Act and Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

## 6 INVENTED IN 1961

Nelson Haynes of Deering Savings & Loan in Portland, Maine, is credited with designing the first reverse mortgage in 1961. He aimed to help the widowed wife of his high school football coach stay in her home after she lost her husband.

## 7 CREDIT CHECK

Credit often is defined as your “financial well-being.” It is based on your credit card utilization rate, percentage of on-time payments and length of your credit history.

## 8 "FULL-DRAW" LOANS

Fixed-rate, full-draw loans are blamed for some of the problems faced by reverse mortgage borrowers. It offered a large lump-sum payment up front, with little planning for the future. Since 2013, HECM borrowers now have an initial disbursement limit that caps how much principal they can drawn in the first year.

## 9 NATIONAL REVERSE MORTGAGE LENDERS ASSOCIATION

NRMLA is the national voice of the reverse mortgage industry. It was established in 1997.

## 10 A. PHILLIP RANDOLPH PULLMAN PORTER MUSEUM

Founded in 1995, this museum is located in Chicago’s historic Pullman district. It was designated a national monument by President Obama in 2015. The museum is named after Asa Philip Randolph, the Pullman

---

**11 2006 STUDY IN THE JOURNAL HOUSING STUDIES**

The study by Albert J. Sumell, a Youngstown State University economics professor, examined the magnitude and determinants of the value of foreclosed homes. It was based on an analysis in Cuyahoga County, Ohio. It found a “foreclosure discount” based on the home’s age, size, condition and the neighborhood characteristics.

**12 REVERSE MORTGAGE SOLUTIONS**

RMS is part of Ditech Holding Corporation, a servicer and sub-servicer of reverse mortgage loans founded in 2007. In February, Ditech filed for bankruptcy for the second time in 14 months.

**13 AARP**

AARP is the nation’s largest nonprofit organization for those 50 and older with more than 38 million members. In 2014, the organization sued HUD to protect widowed homeowners from foreclosure and eviction.

**14 HENRY WINKLER**

Winkler, 73, is an American actor and comedian whose breakout character was Arthur “Fonzie” Fonzarelli on the 1970s sitcom Happy Days. He was hired in 2010 by One Reverse Mortgage to sell reverse mortgages on television.

**15 CONSUMER FINANCIAL PROTECTION BUREAU**

The CFPB was created in 2011 under the Obama Administration as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The agency prioritized mortgages, credit cards and student loans under its former director, Richard Cordray. The agency is now lead by Kathy Kraninger.

**16 ANTHONY RENZI**

Renzi became CEO of Walter Investment Management Corp., now Ditech Holding Corp. In 2016 – the company’s fourth CEO in less than a year. He stepped down in 2018 just as the company was set to emerge from bankruptcy. Before joining the company, he was an executive vice president at Freddie Mac and Citi. He since has become president and COO of Cenlar FSB, among the nation’s largest mortgage sub-servicers.

---

Originally Published 9:22 p.m. EDT June 11, 2019

**Updated 10:54 a.m. EDT June 17, 2019**

Advertisement



[Help](#) · [Terms of Service](#) · [Privacy Notice](#) · [Your California Privacy Notice](#) · [Mobile Apps](#) · [Ad Choices](#) ·  
[Accessibility](#) · [Our Ethical Principles](#)



©2019 USA TODAY NETWORK, a division of Gannett Satellite Information Network LLC.