

## An Exploration of HECM Counselors Awareness and Training in Identifying Home Equity Conversion Mortgage (HECM) Fraud

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Over the last decade, mortgage fraud, most often committed in primary mortgage loan originations, has swept the United States. In recent years, the receding housing market has limited the opportunities to capitalize on primary mortgage fraud and fraudsters have moved into the Home Equity Conversion Mortgage market (HECM) market. This study reports the results of a nationally distributed survey exploring the growth of HECM fraud and the role of housing counselors in its identification. Two aspects of HECM counseling were explored: the complexities involved in HECM counseling and counselors awareness and training in identifying HECM fraud. Of the counselors surveyed, 52% reported only a limited awareness of HECM fraud, as compared to 34% for primary loan mortgage fraud. Furthermore, 48% reported limited awareness of fraud when performing HECM counseling, as opposed to 34% when conducting traditional housing counseling. Interestingly, the majority of respondents indicated that HECM fraud was at least a moderate problem nationally, but 76% indicated that it was either not a problem or a minor problem for their clients. In terms of training, only 52% of respondents reported receiving any training to identify HECM fraud, as compared to 72% for primary mortgage fraud. Overall, the results of this survey are vital to establish the awareness and training the HECM counselors have in identifying fraudulent activity and protecting their clients.

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