

# Taking out a reverse mortgage ruined my life

By [Catherine Curan](#) July 23, 2016 |



Frederick Feil

Photo: Helayne Seidman

When Frederick Feil took out a reverse mortgage on his Howard Beach home, he thought he was ensuring a comfortable future — not putting himself at risk of becoming homeless.

Feil, 67, who has a heart stent and undergoes dialysis treatments, is desperately fighting to prevent Finance of America Reverse from tossing him out of his home.

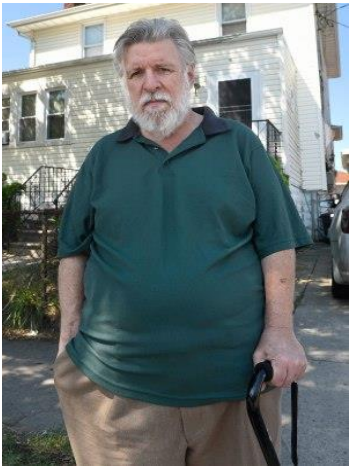
Feil took out a \$353,000 reverse mortgage in December 2011, using all but a few thousand dollars to repay an earlier mortgage and cover hefty origination fees. Feil told *The Post* he fell behind on property taxes while in the hospital last year — and unexpectedly found himself in foreclosure last March when Finance of America Reverse called the entire balance, which has ballooned to \$449,583.85 from interest and other charges, due.

Feil claims Finance of America's servicer, Reverse Mortgage Solutions, gave him the runaround when he called about the default. The amount is not listed in the foreclosure complaint, which made it tough for him to catch up. Feil turned to lawyer Jennifer Levy of JASA Queens, which provides assistance for the elderly including legal services, she claims the case is riddled with errors.

Levy says Finance of America's lawyer finally disclosed in May that the arrears totaled \$15,375.

"A reverse mortgage is more trouble than help," said Feil. "If I had known it would be this bad, I would have sold my house."

Erin Landry, senior vice president of servicer oversight for Finance of America, said the company has created a repayment plan for Feil, adding, “we are committed to working with Mr. Feil on a solution to avoid foreclosure.”



Modal Trigger Feil, 67, outside his Howard Beach home.

Photo: Helayne Seidman

Feil is one of dozens of New York seniors caught in a rising tide of reverse mortgage foreclosures that threaten to put some of the city’s most vulnerable residents out on the street.

Legal services firms have seen a sharp uptick in these foreclosure cases in the past year, mainly triggered by unpaid property charges. Often the homeowner isn’t told how much is owed or whether arrears are for property taxes or homeowners insurance, lawyers said, adding that the delinquent charges average about \$10,000.

JASA’s reverse-mortgage foreclosure caseload has tripled to 30, while Legal Services NYC’s caseload has more than doubled. Because reverse-mortgage foreclosures lack the protections — including mandatory settlement conferences and a 90-day notice requirement — instituted for traditional borrowers after the 2010 robo-signing scandal, these seniors are at risk of losing their homes far more quickly than forward-mortgage borrowers, who get an opportunity for negotiations overseen by the court.

Noting that Congress approved the repayment guarantee for lenders to help seniors, JASA lawyer Donna Dougherty said that for servicers “to not be willing to sit down with an 85-year-old and work out a water or tax bill for \$20,000 seems to go directly against congressional intent.”

Some borrowers run into trouble by taking their reverse mortgage payment in a lump sum and spending it, rather than receiving steady disbursements over time to help meet expenses such as taxes.

Big banks have largely exited the reverse-mortgage business, leaving it to smaller players such as Reverse Mortgage Solutions and Champion. Of the 27 complaints lodged with the New York State Department of Financial Services about reverse mortgages so far this year, most have been against RMS and Champion, according to a DFS spokesman.



Modal Trigger Feil’s basement

Photo: Helayne Seidman

Champion, which is owned by Nationstar, claimed it is “successfully helping more than three-quarters of our past-due customers avoid foreclosure with a payment plan on their taxes and insurance.” Reverse Mortgage Solutions, which is owned by Walter Investment Management Corp., did not respond to requests for comment about its reverse-mortgage business in New York.

In the past decade, the number of reverse mortgages backed by HUD peaked at 114,412 in 2009, and dropped to 57,977 last year. New rules that took effect last year help ensure seniors’ ability to repay property charges, but Legal Aid lawyers worry that many more New York seniors who took out reverse mortgages before the rule change will end up like Feil.

Feil says his finances have been decimated by medical bills and repairs to his home after Superstorm Sandy. He fears that if his attorney can’t help him obtain a grant for the property tax arrears soon, he’ll wind up on the street.