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Reverse Mortgage Lender Live Well Financial and Servicer Celink Sued for Practices That Increase Risk of Foreclosure for Older Homeowners

Class Action Suit Charges That Reverse Mortgage Lender and Servicer Cause Homeowners to Accrue Thousands of Dollars of Debt

Central Islip, N.Y. - Live Well Financial, Inc., and Compu-Link Corporation ("Celink") put older Americans at risk of foreclosure through mortgage servicing practices that violate homeowners' reverse mortgage contracts and other laws, according to a class action lawsuit filed in the United States District Court for the Eastern District of New York.

Lawyers from AARP Foundation, Tusa P.C., and Giskan Solotaroff & Anderson, LLP filed this suit on behalf of a nationwide class of reverse mortgage borrowers.

The suit alleges that the companies improperly pay homeowners' property taxes before the taxes become due without contractual or legal justification to do so, and without notice. The companies then demand, under threat of foreclosure, that the homeowners personally repay the amount improperly advanced to prepay taxes. When the homeowners are unable or unwilling to agree to the repayment demands, the companies file for foreclosure on the entire loan, adding related charges, costs, attorneys' fees, and other amounts to the homeowners' loan balances.

Homeowners suffer thousands of dollars in lost home equity and risk losing their homes altogether as a result of these practices, the suit alleges.

The practices alleged in the complaint are of special concern to older homeowners. The reverse mortgages here were "Home Equity Conversion Mortgages" or "HECM loans." These loans allow homeowners who are 62 and over to convert part of their home equity into cash without having to sell their home or make monthly mortgage payments.

The complaint alleges that, in December 2015, Live Well and Celink prematurely paid property taxes of a New York State homeowner who had obtained a reverse mortgage from Live Well Financial. Under that mortgage, the homeowner had elected to pay her own property taxes. Live

Well and Celink nevertheless paid the taxes despite the fact that the homeowner was not delinquent in paying those taxes and had not committed any breach of contract that would have warranted this action by Live Well and Celink. The companies also failed to give timely notice to the plaintiff of their action, leading to double payment of the taxes.

The companies then demanded repayment of the improper tax advance, even after it had been added to the principal of the reverse mortgage. After the homeowner justifiably refused, the companies filed a foreclosure suit to force repayment of that tax advance, imposing thousands of dollars in unjustified foreclosure attorney fees and other related charges onto the loan balance. When the homeowner paid the demand as a last resort, the companies finally withdrew their foreclosure suit. However, they refused to remove the associated charges, fees, and interest from the loan balance.

"This case shows how homeowners with reverse mortgages who have performed all their contractual obligations can be forced into foreclosure and charged thousands of dollars in added fees and costs," said Julie Nepveu, senior attorney at AARP Foundation. "Federally insured reverse mortgage loans were developed to help prevent foreclosure when older homeowners want to access their home's equity to meet their financial needs, not to enrich the lenders at the borrower's expense."

According to Joseph Tusa of Tusa P.C., "It's shameful what Live Well Financial and Celink are doing. Many older Americans have worked long and hard for their homes and should not be subject to the tactics used by Live Well Financial and Celink to steal the equity in that home or even take the home altogether."

"Federal and New York law have safeguards to make sure that homeowners receive adequate notice of issues relating to their reverse mortgages. Those laws and regulations do not seem to have been followed here," added Oren Giskan of Giskan Solotaroff & Anderson.

AARP Foundation works to end senior poverty by helping vulnerable older adults build economic opportunity and social connectedness. As AARP's charitable affiliate, we serve AARP members and nonmembers alike. Bolstered by vigorous legal advocacy, we spark bold, innovative solutions that foster resilience, strengthen communities and restore hope.

Tusa P.C. is a boutique law firm representing consumers, borrowers, and shareholders in class actions. Based in New York, Tusa P.C litigates in the federal and state courts nationwide. Please visit our website, www.tpcnylaw.com.

Giskan, Solotaroff & Anderson, LLP is a New York City based firm that represents employees in employment and civil rights matters, and consumers and small businesses in class actions. *See* www.gslawny.com.