

[From the Los Angeles Times, Apr. 21, 1997]

KIRKPATRICK: THE THREAT WILL REMAIN

Ratifying the Chemical Weapons Convention will not prevent the manufacture or use of chemical weapons because the convention is neither verifiable nor enforceable. Proponents attempt to dismiss the many loopholes in the treaty with the assertion that nothing is perfect. But perfection is not the question.

Proponents also seek to minimize the fact that the rogue states and countries with the most highly developed programs either have not signed or have not ratified the treaty—Syria, Iraq, North Korea, Libya have not signed at all. Russia, which has the most chemical weapons, has not ratified, and China has not completed the ratification process. Of course, signing will not prevent signatories from breaking their promises not to produce noxious gases, as Russia has recently broken a promise to the United States.

Will U.S. ratification make the world safer? Did the Maginot line make France safer? To the contrary. It created a comforting illusion that lulled France into a false sense of security and facilitated Hitler's conquest.

The world is less dangerous today than during most of my lifetime. I cherish this sense of lessened threat. But we are not so safe that we can afford to create a false sense of security by pretending that we have eliminated the threat of chemical weapons. President Clinton said, "We will have banished poison gas from the Earth." It will not be so. We had better do some hard thinking about how to defend ourselves and the world against the poison gases that have been and will be produced.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, morning business is closed.

SENIOR CITIZEN HOME EQUITY PROTECTION ACT

The PRESIDING OFFICER. The Banking Committee is discharged from S. 562, and under the previous order the Senate can proceed to consider that bill.

The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 562) to amend section 255 of the National Housing Act to prevent the funding of unnecessary or excessive costs for obtaining a home equity conversion mortgage.

PRIVILEGE OF THE FLOOR

Mr. D'AMATO. Mr. President, I ask unanimous consent that Lehn Benjamin be admitted to the floor for the purposes of this legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. D'AMATO. Mr. President, I rise today to support the legislation known as the Senior Citizens Home Equity Protection Act. Now, that is legal jargon for saying that we have a real problem, one that is, on a daily basis, getting worse and worse, one that is exposing our most vulnerable homeowner population—our senior citizens—to very, very serious abuses.

Let me, if I might, just explain to you the problem without going through

all of the intricacies of this legislation, which I might add is supported and cosponsored by approximately 25 of my colleagues. The bill's cosponsors are about equally divided, Republicans and Democrats, and include just about the entire Banking Committee.

Who are these people who are being scammed, who are being victimized? They are our parents, our grandparents, our senior citizens. They are elderly homeowners in America who are being induced by some people who masquerade as estate planners. This is not an attack on estate planners. This is not an attack on those financial consultants who give people advice. This is an attempt to stop thieves, con artists and swindlers, masquerading as helpers to the elderly, but who are nothing more than rip-off artists.

What do they do? Congress, through HUD, has initiated a program of reverse mortgages whereby many seniors who are cash poor and who have equity in their homes, people who have paid off their homes, and find themselves without the ability to pay their taxes, to keep up their home, or to take care of their daily needs, people have utilized reverse mortgages whereby they can go to the bank. They might have \$100,000 value in their home and may receive a \$50,000 mortgage which they may take out on a monthly basis or they may take out the entire amount and thereby budget for themselves their needs.

Now who is a typical borrower of this reverse mortgage plan? What is the profile? They are 76 years old. They are with less means than a typical elderly home owner. Their annual income is \$10,400 per annum. One-quarter of them have incomes of less than \$7,700. Mr. President, 78 percent of the total income that they have comes from Social Security.

What do the scam artists do? Today, because of the availability of so much credit information and information with respect to the lives of every citizen, they solicit those people who are elderly, who own their own home. Many of them are living alone. Sixty percent of these people that use the HUD reverse mortgage program need to use it because they do not want to be forced to sell their homes and leave their communities. That is where their friends and neighbors and relatives live. Sixty percent are females living alone, 12 percent are males living alone. So, fully over 70 percent are elderly who are living alone.

So they get a profile on these people and they literally go door-to-door and say, "We are in the business of financial consulting. If you would like, we could help you obtain a mortgage, a reverse mortgage, one you do not have to pay back. Only when you eventually sell your home or if you pass away, will the proceeds come due, and we can get you \$50,000 or \$60,000 or \$70,000." For this advice, they often charge these people 10 percent of the mortgage loan amount. Most times they never tell

them that there will be any kind of a fee, nor do they advise them that this information is available free, or that HUD will make this available, or send them the information.

So literally, because they know of this program, they are able to go out and take as much as 10 percent for a \$50,000 mortgage for information that is available at no cost, and literally do nothing but relieve the people of their money.

Here is, Mr. President, an advertisement. They are not happy just going door-to-door or by telemarketing themselves. They are now franchising, franchising, this kind of thievery. Here is an advertisement called "America's Trust, Inc.—Tap into a totally new market of opportunity. Duplicate the system that allowed us to expand by 400 percent in 60 days." It goes on to say if you want to become one of our door-to-door solicitors or one of our telemarketers, why, you can earn a 3-percent commission, and, by the way, you can do literally dozens of these referrals on a weekly basis and we will give to you a 3-percent commission, because they give them 3 percent and they keep 7 percent. And this poor homeowner is paying money for a service that virtually gives them nothing, but just refers them to a Government program. That is wrong.

Mr. President, that is why we are seeking to pass this legislation that would stop unscrupulous high-pressure middle men from preying on elderly homeowners by exploiting the reverse mortgage program.

I have explained to you what the problem is. The bill will put an immediate stop to the practice of predators taking advantage of senior citizens. HUD's Federal Housing Administration Conversion Mortgage Program, known as HECM, is a reverse mortgage program. It allows seniors age 62 and older to borrow against the equity in their homes. It is a great program; it has assisted approximately 20,000 people. But, again, we find the masquerader coming and preying on the elderly. The average person is 76 years old and has an average income of \$10,400. These homeowners are tracked down and enticed to apply for a reverse mortgage and conned into paying thousands of dollars for this service, which HUD provides for free. They are totally unregulated companies, often changing names and locations.

The following are true examples: One 75-year-old woman who resides in southern California read a brochure about reverse mortgages at a senior citizens center. She contacted the so-called information service, one of these scam artists, who met with her and referred her to a lender. The FHA-approved lender then handled the loan for her. She was surprised and shocked to learn that she now had to pay \$5,200 to the so-called information service for that referral. That is just wrong.

Another elderly woman, also in California, was called by a telemarketer