



***** E-zine July 2006 *****

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A. VETERANS ADMINISTRATION LOSES DATA--WHAT TO DO

If you are a veteran, or have a family member who is a veteran, you may need to take action to protect your identity. Recently, 26.5 million names of veterans and some veterans' spouses were stolen from an employee of the VA when his home was burglarized and his computer was stolen. Unauthorized data was stored on the laptop he was using to work on a data project from home. This data contained identifying information including names, social security numbers, and dates of birth, as well as some disability ratings.

Veterans Administration information on this subject is available at:

www.va.gov, www.firstgov.gov, www.va.gov/opa

Whether a veteran or not, protecting your identity is a must! There are concrete steps you can take to protect your identity:

- Credit monitoring services are widely available and a good place to start would be your bank or credit union.
- Change your passwords on a regular basis.
- Review your credit card statements closely.
- Sign up for the National Do Not Call Registry at: <http://www.donotcall.gov>

- Consolidate and reduce the number of your bank and securities accounts.
- Place a "fraud alert" with the three major credit bureaus.

More information is available on a helpful site published by the University of Texas at Austin:
<http://www.utexas.edu/datatheft/resources.html>

As we went to press, the FBI announced that the laptop with the 25 Million names had been found. Initial review indicates the names may not have been accessed. It is still important to take steps to protect your identity:

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B. HOME BUYERS BEWARE

National Association of Tax Professionals (NATP) Appleton, WI -
Beware of the wolf in sheep's clothing, promising to make home ownership dreams come true--especially if you're strapped for cash or wishing to be charitable while also trimming your tax bill when selling a home. Mortgage fraud is on the rise, according to the Federal Bureau of Investigation (FBI), with reported cases quadrupling from 4,225 reported cases in 2001 to over 17,000 last year.

There are several tactics used when perpetrating homebuyer and professional seller fraud. Common scams involve such characteristics as:

- Creating an illusion that by using their services, you will receive a larger-than-average tax deduction.
- Over-inflating housing prices and then offering kick-backs of cash;
- Convincing you that you can afford a more expensive home than you really can, which increases property taxes, their commission, and the amount you need to borrow;
- Addition of extra charges, credit insurance, encouragement to borrow more money, offers to refinance, or an interest-only payment structure with an often shocking "balloon" payment at the end (where you need to pay the entire original cost of the home at once or lose your home);
- Presenting one loan structure when selling you the loan, but then substituting different, less than advantageous terms at signing;
- Asking you to prepare a tax return showing higher income or fewer deductions than you really have. Don't do it!

According to Kevin C. Huston, enrolled agent with Blue Ridge Tax Advisors, Inc. in Asheville, NC, "It is common for the ultimate mortgage-holder to request copies of the tax returns you filed

with the IRS. If these numbers differ from the tax return you used when applying for a loan you could end up in jail for either mortgage fraud or for tax fraud. The mortgage-holder will have already been paid their commission, so don't expect them to defend you," added Huston. Not only do these scams often put the buyers in over their head financially and cause many to later lose their homes, but one type of scam leads sellers to believe they will receive increased tax deductions because they worked through a "charitable" organization.

As an example, after selling her home, a Michigan woman, who intended to help a charity as well as to lower her tax liability, was told by an organization claiming to be a tax-exempt charity that she would be delighted with the charitable tax deduction amount she would be able to claim when she filed her income tax return. The charitable-minded woman "gave" the buyer the down payment through the charity and planned to take a charitable deduction for the down payment amount. However, buried in her paperwork in fine print was a disclaimer saying the amount was not tax deductible but, rather, would only reduce the sale price.

While several charitable organizations are tax-exempt and legitimately help homebuyers through such helps as tax-excluded down-payment assistance, there are many fraudulent imitators that work to deceive by appearing as helpful, humble, and honest. "The IRS is increasingly concerned with organizations that are taking advantage of homebuyers who need assistance for a down payment to realize the American dream of homeownership," said IRS Commissioner Mark W. Everson. "So-called charities that manipulate the system do more than mislead honest homebuyers and ultimately jack up the cost of the home. They also damage the image of honest, legitimate charities."

If you are a prospective homebuyer considering using the services of a down-payment assistance program (where the down-payment amount is excluded from taxable income), or a home seller who would like to help the less-fortunate achieve the American dream of home ownership, check out the organization you're considering working with on <http://www.irs.gov> (click on Charities & Nonprofits, then Search for Charities) before going any further. Other websites that offer guidelines in recognizing legitimate versus illegitimate organizations include <http://www.ftc.gov/bcp/online/pubs/alerts/eqtyalrt.htm> (or call 877.FTC.HELP)

and

<http://www.hud.gov/offices/hsg/sfh/buying/loanfraud.cfm> (or call 800.569.4287).

Your local tax professional is also an excellent source of information in determining which organizations are tax-exempt and legitimate. They understand the tax laws and share information within the profession.

Mortgage companies, refinancers, and home equity lenders are among the guises used by fraud perpetrators. They often prey on the elderly, those with low incomes, and goodhearted people who support charities. They promise to "help you realize your dream," and say it may be your only chance to own a home or gain cash in a home equity situation (or helping others to do so). Instead of making dreams come true, they create nightmares. Don't fall for their bait. Do your research, make calls, and proceed cautiously.

To find a professional tax preparer, look to NATP (National Association of Tax Professionals). NATP maintains a listing of professionals in your area. For a FREE brochure on how to find a tax professional, visit the NATP Press Room at www.natptax.com and download a copy of NATP's "Finding the Right Tax Preparer" brochure. Members of the National Association of Tax Professionals assist over seven million taxpayers with tax preparation and planning. NATP is a nonprofit professional association founded in 1979 and provides professional education, tax research, and products to its members. The national headquarters, located in Appleton, WI, employs 43 professionals and 25 instructors.

NATP exists to serve professionals who work in all areas of tax practice and has more than 17,500 members nationwide. Members include individual tax preparers, enrolled agents, certified public accountants, accountants, attorneys, and financial planners. The average NATP member has been in the tax business for over 20 years and holds a tax/financial designation or a college degree. Learn more at www.natptax.com.

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C. U.S. HOUSE OF REPRESENTATIVES CONSIDERS LEGISLATION BENEFICIAL TO REVERSE MORTGAGE PROGRAM AND SENIORS

WASHINGTON, DC - The U.S. House of Representatives is considering legislation that would make substantial improvements to the federal reverse mortgage program, including a plan that would allow older homeowners to access greater amounts of equity from their homes, according to the National Reverse Mortgage Lenders Association. The Expanding American Homeownership Act of 2006 (H.R. 5121) would:

- Create a single national loan limit for FHA Home Equity Conversion Mortgages (HECM). The HECM program accounts for 90 percent of all reverse mortgages made in the US. Currently, lending limits vary by county and range from \$200,160 to \$362,790. If the legislation passes, there would be one single limit equal to the conforming mortgage limit set by Freddie Mac, which is currently \$417,000. Thus, seniors could convert greater amounts of equity from their homes into retirement income.
- Implement a HECM for Home Purchase option that would allow seniors to purchase newer housing that better suits their needs.
- Remove the existing cap on the number of HECM loans that FHA can insure. The last provision is also contained in H.R. 2892 and S. 1710, the Reverse Mortgage to Help America's Seniors Act, which is still pending approval in the Senate after having passed the House of Representatives in December.

"Taken together, these proposed changes would greatly benefit homeowners who are

considering a reverse mortgage as part of their retirement planning," said Peter Bell, President of NRMLA. "A single national loan limit would be especially helpful. It would benefit homeowners living in high-valued homes in counties where the FHA lending limit is much lower, which limits the amount of proceeds available from a reverse mortgage. We applaud the Department of Housing and Urban Development and Congress for proposing to correct this problem." No companion bill has been introduced yet in the Senate, although one is expected shortly.

Announcement of the House bill comes on the heels of a New York Times editorial published on April 22, which suggests that seniors would benefit from using private home equity, through a reverse mortgage, to help pay for healthcare and other necessary services that prolong "aging in place." The editorial concludes that "both the states and the federal government need to enact comprehensive incentives--and consumer protections--to encourage people to use reverse mortgages to pay for services that will allow them to grow old at home."

A reverse mortgage is a loan that enables homeowners 62 or older to borrow against the equity in their homes, without having to sell the home, give up title, or take on new monthly mortgage payments. Loan proceeds can be used for any purpose, and taken out as a lump sum, fixed monthly payments, line of credit, or a combination. The loan amount depends on the borrower's age, current interest rates, and the value and location of the home. A reverse mortgage does not have to be repaid until the borrower moves out of the home permanently, and the repayment amount cannot exceed the value of the home. After the loan is repaid, any remaining equity is distributed to the borrower or the borrower's estate. A senior's home does not have to be owned free and clear to qualify for a reverse mortgage. Reverse mortgages are often used to retire existing debt on a home.

NRMLA distributes a free information booklet on reverse mortgages, called Just the FAQs: Answers to Common Questions About Reverse Mortgages. Consumers can order it by telephone (866-264-4466, toll-free) or at NRMLA's consumer web site, ReverseMortgage.org. The site has extensive information on reverse mortgages, a state-by-state list of lenders, and a reverse mortgage calculator. To be listed on the NRMLA website, a lender must agree to abide by the Association's Code of Conduct and operate in accordance with its Best Practices.

NRMLA is a nonprofit trade association, based in Washington, DC, whose members make and service reverse mortgages throughout the US and Canada. Members sign a Code of Conduct pledging to abide by guidelines that assure fair, ethical, and respectful practices in offering and making reverse mortgages to seniors.

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D. DID YOU KNOW...?
Mumps is Back

Between January and April, there were more than 600 possible mumps cases reported in the Midwestern United States. The source of the outbreak and why it has spread in such large numbers is unknown. Vaccination is the best way to prevent mumps. Although many children receive two doses of the mumps vaccine (as part of immunization against measles and rubella) known as MMR, some people may have only received one dose as a child, and most seniors have never received even one. For more information, contact a local medical clinic or health care provider or go to <http://www.cdc.gov/nip/diseases/mumps/vac-chart.htm>. Though the disease is rarely fatal, it can cause severe complications and often requires several days of home care and possibly hospitalization.

Experimental Shingles Vaccine Proves Effective in Nationwide Study

In one of the largest adult vaccine clinical trials ever, researchers have found that an experimental vaccine against shingles (zoster vaccine) prevented about half of cases of shingles--a painful nerve and skin infection--and dramatically reduced its severity and complications in vaccinated persons who got the disease. The findings appear in the June 2, 2006 issue of The New England Journal of Medicine.

The Shingles Prevention Study, conducted over five and one-half years, was led by the Department of Veterans Affairs (VA) and carried out in collaboration with the National Institute of Allergy and Infectious Diseases (NIAID), part of the National Institutes of Health (NIH), and Merck & Co., Inc. (Whitehouse Station, NJ).

For more information visit the National Institute of Allergy and Infectious Diseases at: <http://www3.niaid.nih.gov/news/newsreleases/2005/shinglesvax.htm>

The National Institutes of Health can be found at:
<http://www.nih.gov>

More health information at <http://seniorresource.com/health.htm>

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E. THOUGHTS FOR THE MONTH

We present here some words from those whose birthday was this month.

Princess Diana..."If men had to have babies, they would only ever have one each."

Dan Aykroyd..."We must come to the point where we realize the concept of race is a false one. There is only one race, the human race."

Thurgood Marshall..."In recognizing the humanity of our fellow beings, we pay ourselves the highest tribute."

José Canseco..."Every time I've tried to help a woman, I've been incarcerated. I've learned my lesson. I'm not doing it again."

George M. Cohan..."I don't care what you say about me, as long as you say something about me, and as long as you spell my name right."

More "Thoughts" at <http://www.seniorresource.com/thought.htm>

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F. FREE

Amtrak travelers 62 years of age and over receive a 15% discount on the applicable adult rail fare on most Amtrak trains. Seniors are also eligible to receive a 10% discount on the purchase of **North America Rail Pass**, providing an affordable way to see the United States and Canada. Visit: <http://www.amtrak.com> (look for information under Hot Deals and Passenger Discounts)

United Air Lines offers senior discounts off published fares to travelers 65+ in some limited markets. Lower, Internet-only fares may be found on the website <http://www.united.com>, but they must be booked and paid for on the Internet. Call 800/241-6522.

Silver Wings Plus Travel Club for travelers 55+ costs \$75 for two years, \$225 for lifetime membership. Members receive a bimonthly club newsletter and a constant flow of promotions, travel packages, hotel and cruise deals, and rental-car discounts. Members are eligible to buy USA Collection Privilege Certificates, four in a pack for only \$25, which then provide domestic zone-based discount fares. The International Zone Certificates offer a similar deal in three zones: Pacific, Europe and Latin America. Some blackout days apply. To join Silver Wings, call the special United number: 800/720-1765. Fare updates and membership benefits are posted on the club website: <https://www.silverwingsplus.com/swhome/control/swpHome>

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G. SPECIAL SURFING SITES

Charity Donations

Seniors should be careful when making donations to solicitors claiming to be charities in support of our troops. Fraudulent activities associated with donations may come in the form of an e-mail or a telephone call. Before making a donation, verify the legitimacy of the organization the

Department of Defense website, America Supports You.

<http://www.americasupportsyoud.com/american-supports-you/index.aspx>

Oldies but Goodies

Sit back, relax, listen, read, and smile. Kind of reminds you to stop and smell the roses of life, and to give thanks to God for life and memories. Pass this on to anyone who may need a break from

their "grown-up" life...We double-dog-dare-ya!

http://www.thestatenislandboys.com/U_thrill_me/

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H. OH MY AGING FUNNY BONE

If you're not familiar with the work of Steven Wright, he's the scientist who once said: "I woke up one morning and all of my stuff had been stolen and replaced by exact duplicates!" His mind tends to see things a bit differently than the rest of us. Here are some of his gems:

- I'd kill for a Nobel Peace Prize.
- Borrow money from pessimists--they don't expect it back.
- 42.7% of all statistics are made up on the spot.
- All those who believe in psycho kinesis, raise my hand.
- The early bird may get the worm, but the second mouse gets the cheese.
- I almost had a psychic girlfriend, but she left me before we met.
- OK, so what's the speed of dark?
- How do you tell when you're out of invisible ink?
- Depression is merely anger without enthusiasm.

Visit 1000's of jokes of interest to people who have lived a long and rich life. "Oh My Aging Funny Bone" is at <http://www.seniorresource.com/jokes.htm>

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Do you have an article to share with others? We will consider any appropriate material for this publication.

Please send such to publisher@seniorresource.com

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