January-February 2015
Volume 8, No. 1

Reverse Mortgage

The official magazine of the National Reverse Mortgage Lenders Association

2014: The Year at NRMLA

New Rules

New Reverse Mortgage

New HUD Leadership

AARP vs. HUD

Extreme Summit

Positive Press

And that's not all

NRMLA

INSIDE:

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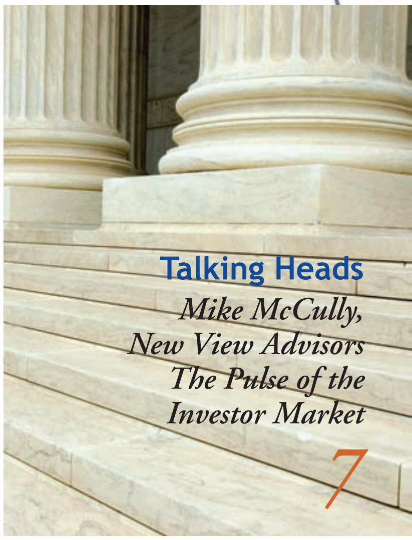

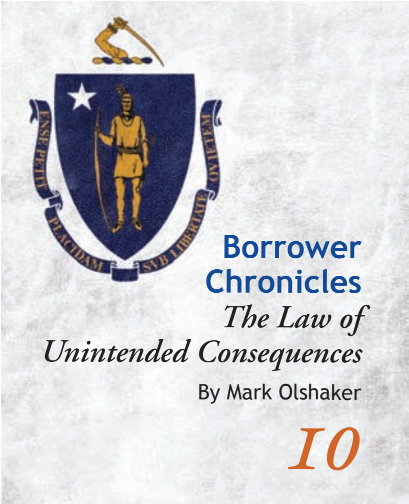

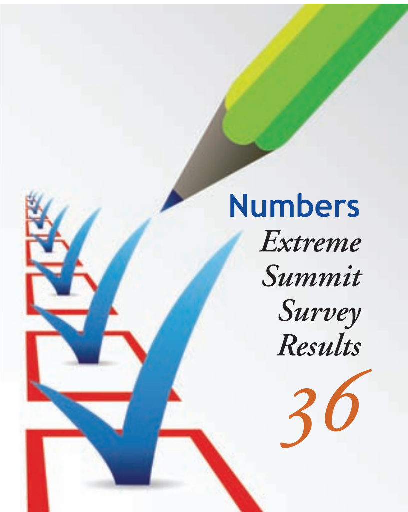

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Looking Back to Move Ahead

OUR ANNUAL MEETING IN NOVEMBER IS EACH YEAR'S largest event and therefore the most strenuous to organize. But we then return to Washington for the holiday season with this year's major tasks behind us and a window to plan the next year's.

You would think the management of a primarily one-product industry would afford you necessary quiet time to think and plan. But looking back at "*The Year at NRMLA*," as we do in a section beginning on page 13, it's fortunate we found time to breathe, let alone plan. In addition to implementation of the changes, 2014 was the year of a legal battle over non-borrowing spouse rules between AARP and HUD, significant changes at the top of HUD leadership, a mammoth industry-wide effort to educate consumers about the "new" reverse mortgage, an aggressive proactive push to provide the press a better understanding of our product, plus all of our conferences, board meetings, publications, etc. Each of you lived through it all in pieces, but I think looking at it as a whole in this issue will provide you with pride in industry accomplishment.

No company does all of their reverse mortgage business alone. We are an industry of diverse partnerships.

No company does all of their reverse mortgage business alone. We are an industry of diverse partnerships. And one of the themes we would like to explore this new year is the mechanisms of intercompany linkage. To begin, we sent our staff reporter Mark Olshaker out to talk with brokers and smaller lenders about the partnerships in which they engage. ("*Choosing Partners*," page 24).

At our Annual Meeting in Miami, I presented a list of industry issues the critical press tends to dwell on. On this short list was costs of the product. Far too many reporters characterize reverse mortgages as "expensive" without researching them in comparison to other mortgage products. In this month's "*CRMP: Across the Kitchen Table*" column (page 30), our newest CRMP, Beth Paterson from Minneapolis, does a side-by-side comparison of forward mortgage vs. reverse mortgage upfront costs. That's a page you ought to tear out and put in your briefcase.

Also at the annual, Mary Katherine Quasarano of Celink did a popular presentation on "*The Power of Your Own Brand*," which we wanted to share with a larger audience (page 28). And Anthony Lopes of Cambridge Credit Counseling led a discussion on counseling in which the topic of the value to borrowers of breaking down the wall between counselors and loan officers came up. Tony presents some additional thoughts on the idea on page 30.

And in this month's "*Borrower's Chronicles*," (page 10) instead of profiling a single borrower, we present an album of snapshots of numerous potential borrowers in Massachusetts who have been hampered due to the Commonwealth's face-to-face counseling requirement.

Happy new year.

Marty Bell, *Editor*

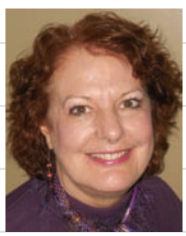
Scribes

Meet This Month's Contributors

Anthony Lopes

(A Hole in the Wall, p. 30*)*

Anthony Lopes is the Housing Director of Cambridge Credit Counseling Corp., a non-profit housing, credit, and bankruptcy counseling agency. He is an AFCPE-certified credit counselor and a NeighborWorks America-certified housing and HECM counselor, with over 10 years experience in the financial counseling industry. Anthony received Bachelor of Arts degrees in both Criminal Justice and Sociology from William Patterson University in New Jersey.



Beth Paterson

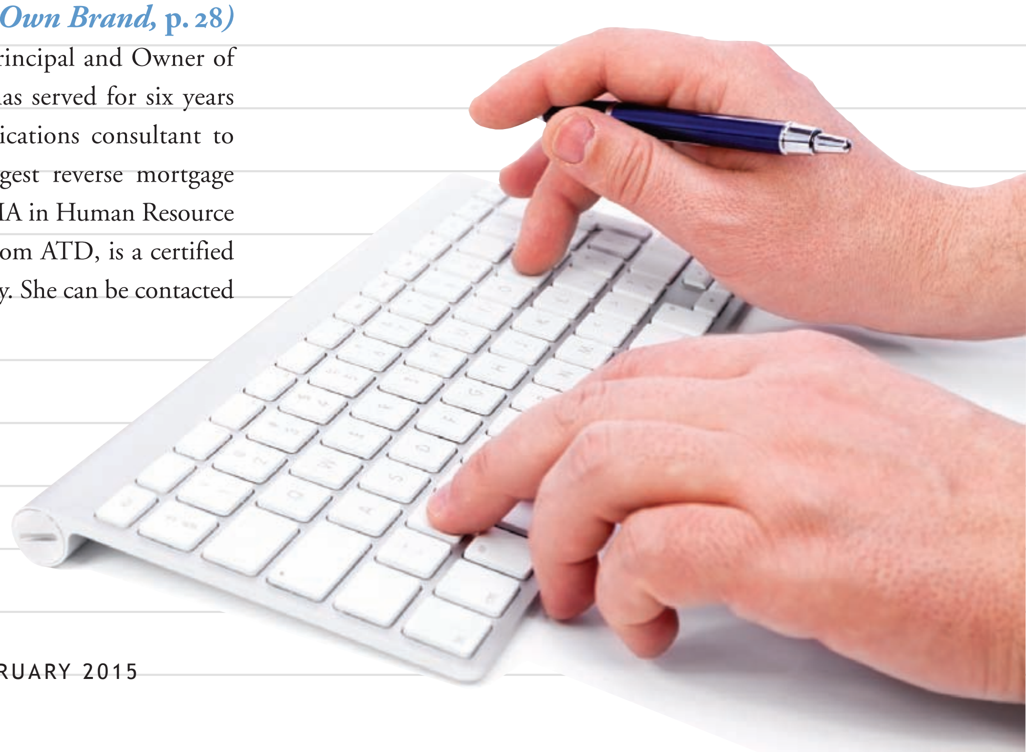
(CRMP: Across the Kitchen Table, p. 32*)*

Beth is Executive Vice President of Reverse Mortgages SIDAC. She is the author of two books including *Understanding Reverse Mortgages…And More*, a book written to help educate and simplify information on reverse mortgages. Her blog articles, found at Beth's Reverse Mortgage Blog, have received national recognition for providing the facts on reverse mortgages. Additionally she has created word search puzzles that help keep the brain active while providing education on reverse mortgages.

Mary Katherine Quasarano

(The Power of Your Own Brand, p. 28*)*

Mary Katherine is Principal and Owner of MK & Company and has served for six years as Marketing Communications consultant to Celink, the nation's largest reverse mortgage subservicer. A lifelong learner, she holds an MA in Human Resource Development, Master Trainer certification from ATD, is a certified Spiritual Director and is a lot of fun. Seriously. She can be contacted at mkquasarano@gmail.com.



A New Mantra for 2015

By Peter Bell, President of NRMLA

IT SEEMS AS IF EVERY TIME I'VE SAT DOWN TO WRITE this column over the past few years, I've had to deal with changes or alterations to the HECM program.

On March 2, when Financial Assessment is implemented, it would seem as if the significant changes will all be in place. It will, of course, take a period of time for businesses to fully adapt to the new. It's always much simpler to write a rule than to execute it.

At our Annual Meeting in Miami Beach in November, Kathleen Zadareky reported that the Department "still had a few things to finish." But the balance of action she referred to seems procedural, including codifying the rules made by the Secretary under the Reverse Mortgage Stabilization Act via normal rulemaking.

And so, as I look ahead to 2015 with the intent of organizing NRMLA's agenda, I hope that we are now moving from an era of change to one of stabilization. The surprises are behind us, the immediate questions have been answered, the rules are in place, so now we can just hike the ball and run with it.

For the past 18 months, since we were first informed the MMI Fund would need to make a draw on the Treasury, there has been an urgency for action: Help HUD strengthen the fund; find Congressional support to provide them authority to do so; keep the legislation on track through the arcane passage process; keep the program critics placated; conduct industry discussion on limitation on upfront draws, product innovation, financial assessment so we can provide HUD feedback; explain utilization of HECMs primarily as a retirement funding tool to the press and consumers and provide evidence. The mantra through this period could well have been Protect the Program.

It's time for a new mantra. And the mantra I would like us to adopt as an association of professionals and as an industry is "Help More People."

Peter Bell

Let's unite behind these words. Let's stop criticizing government and moping about small points in regulations. Let's not complain about those who will no longer qualify due to financial assessment. Let's stop ranting in comments to websites. Let's all focus on what we do have as opposed to what we don't have: a much needed financial product that can make such a variety of differences in so many people's lives.

In the post-campaign interviews in the three Extreme Summit test markets, it was apparent that there is still a widespread fear of reverse mortgages. It is unfounded. Listen to the stories of those who do have reverse mortgages as opposed to impressions from those who don't and what you hear is pride: Pride in the fact that they made a smart decision. They made the right choice.

How do we help more people? By viewing ourselves as a reverse mortgage faculty assigned the responsibility of teaching people all the many ways a reverse mortgage can wisely be utilized. It's not just about eliminating a forward mortgage and improving cash flow, although that is a legitimate benefit. But it's also about filling the gap in your retirement plan caused by diminished assets. It's about not selling off assets at an inopportune time allowing them to regain their value. It's about being financially prepared for life's surprises—health issues, adult children expenses, another recessionary period. It's about so many different things we all need to consider as we age. And the only way people are going to think of all these possibilities is if we tell them the stories of those who have taken advantage of them.

And so my request of all of us in 2015 is to go out and tell our good story. I promise NRMLA will do its part to help more people. Please join us.

Happy new year. RM

The Pulse of the Investor Market

Mike McCully, New View Advisors

By Darryl Hicks

THE YEAR WAS 1999. ONE OF THE WORLD'S largest investment banks was eyeing an underappreciated mortgage company in a fledgling market focused on senior finance. The bank was Lehman Brothers. The mortgage company was Irvine, CA-based Financial Freedom Senior Funding Corporation. The product being offered by Financial Freedom was reverse mortgages.

Mike McCully, a Lehman Brothers employee since 1988, had recently transitioned from Investment Banking to a private equity division within Fixed Income. "Lehman Brothers studied reverse mortgages in the late 1980s, but it was still a new concept, it was before HECM was introduced and there were a lot of inherent flaws in the products being offered, so we passed," said McCully.

Ten years later, the marketplace was still small, with the Federal Housing Administration insuring fewer than 8,000 loans a year. But something new and exciting had just happened. Joe Kelly and Craig Corn, who worked at Lehman Brothers in capital markets, had just completed a transaction that financed Financial Freedom's purchase of Transamerica HomeFirst's servicing platform through the first-ever reverse mortgage securitization. "That was big news when banking heard about it," said McCully. "I had just completed the acquisition of a 'forward' mortgage company, so the Financial Freedom announcement was well timed."

Financial Freedom was managed by a savvy entrepreneur named Jim Mahoney, who felt the best way to build market share was to acquire his best and brightest competitors. On October 31, 2000, Lehman acquired Financial Freedom from its parent, Union Labor Life Insurance Company (ULLICO) and three weeks later closed the acquisition of Unity Mortgage's reverse mortgage origination platform. McCully managed the investment for the next four years. At its peak, Financial Freedom accounted for more than 60 percent of the industry's production (wholesale and retail). In 2004, Lehman sold the company to IndyMac Bank. McCully left the reverse mortgage business to pursue other acquisitions on behalf of Lehman, only to return in 2008 when he and his former colleague Joe Kelly formed New View Advisors, a boutique investment bank for Ginnie Mae Issuers, HECM originators and institutional investors that participate (or may be looking to participate) in the space.

Mike McCully

McCully sat down with *Reverse Mortgage* magazine to give us his thoughts on the impact of FHA's HECM reforms, recent product innovations, and the reintroduction of proprietary reverse mortgages into the marketplace.

***Reverse Mortgage:** What has been "the Street's" reaction to the HECM reforms?*

Mike McCully: HMBS and HREMIC investors are not overly sensitive to defaults, because the securities are insulated by both the FHA insurance and Ginnie Mae guaranty. They care more if reform adversely affects volume. Investors' biggest fear is faster than predicted prepayments, i.e. whether these reforms change the prepayment story and cause loans to mature faster than projected. Faster than anticipated prepayments diminish the return on a premium security.

Despite these fears, investors look favorably on all efforts to make the HECM program sustainable. If these fixes create a longer-lasting program that expands over time, that's a

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positive for the Street. One caveat, for such a small program (reverse mortgages are only about 1% of the mortgage market), there have been a lot of changes implemented since Ginnie Mae started its HMBS program, including four PLF adjustments and numerous product adjustments. For institutional investors, staying abreast of all these changes for such a small asset class is a challenge.

RM: ***As a result of these product changes, over 70 percent of all loans being made are adjustable. Has this impacted investor appetite for HMBS?***

MM: The short answer is no. In 2008 and 2009 when HMBS was new, it was easier for investors to understand the fixed rate product, but today's market understands both fixed and adjustable. The trading and valuation benchmarks have been standardized and there is good liquidity and demand for both products.

RM: ***Several Ginnie Mae issuers have introduced lower lifetime interest rate adjustment caps (Cap 5). Are you hearing any investor concerns regarding these interest rate caps? Are they impacting execution?***

MM: In general, the price of a loan with a low lifetime cap should be less than the price of a comparable loan with a high interest rate cap. The Cap5 product is successful today because there is little interest rate volatility. If investor perception regarding interest rate volatility changes however, the Cap5 product will drop in value because the loan might "cap out," i.e. the rate bumps up against the cap. While the borrower benefits in this scenario, the investor loses. This has happened in the forward market many times, and in extreme interest rate environments, lenders have gone out of business.

RM: ***Has the investor base changed at all over the past year? What types of institutions are currently buying HMBS?***

MM: If anything, the investor base for HMBS has expanded and become global. It's the same group of banks, mutual funds, hedge funds, insurance companies, etc., that

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buy forward Ginnie Mae securities. The fact that there is still strong demand for HMBS is a good sign for the future of the industry.

RM: ***When BNY Mellon, one of the largest financial institutions in the world, announced that it was entering the business, what was your initial reaction?***

MM: It's always a welcome sign when a large financial institution acknowledges the credibility of the product. Credibility is such a big part of acceptance and the more large institutions enter the space the more consumers are going to believe this is a product worth considering.

RM: ***Are you encouraged that proprietary products are being reintroduced ? What is the appetite for proprietary reverse mortgages in the investment community? Is the investor base different than HMBS?***

MM: We are very encouraged and have been big believers since 1999. Investors will need a refresher course on why proprietary product securities are a viable investment but it's a great story, similar to HMBS. Proprietary product securities proved themselves in the previous round of securitizations from 1999-2007. New View Advisors has more than 15 years of data to show these securitizations all withstood the "Great Recession" and other obstacles. There have been no realized losses on any securities, and two transactions have paid off in their entirety. All of the bonds are expected to pay back their principal and interest. We think the investor base for proprietary securities will be similar, but not exactly the same, as HMBS. Investors not limited to investing only in Ginnie Mae securities will likely also participate.

RM: ***We've seen declining or stagnant growth since volumes peaked in 2009. How has this impacted the HMBS market? Has it kept potential investors from entering the market?***

MM: It is a huge concern. In 2013, as new product changes were announced, there was a fear investors would spend less time focusing on the product if volume fell any further, and the value of securities would decline. That didn't happen. If anything, lower volumes improved execution because there's been an imbalance of demand and supply. If volume keeps falling though, that trend may not continue. Our relatively small market size has likely kept some investors from entering. Institutionally, it takes a lot of work to get internal investment approvals for a new asset class. For an industry that is shrinking and still has a fair amount of uncertainty, one may be more inclined to look at other segments of the mortgage market that are expanding; said otherwise, reverse mortgages can be more trouble than they're worth.

RM: ***When you talk with investors and broker dealers, what are some of the most common questions about reverse mortgages that you get asked?***

MM: The number one concern with investors is refinance activity, so we get a lot of questions related to prepayment behavior. Mortality and mobility are highly predictable. Faster prepayment speeds due to refinancing are more difficult to model. Another issue is data. Not data integrity, though that is a concern always, but the historical lack of data transparency. We give a lot of credit to Ginnie Mae for improving access to HMBS, HREMIC, and underlying loan data. New View Advisors data mines and disseminates a lot of their data into the marketplace. Inquiries regarding the structuring of HMBS and how losses and cash flows work are other common questions. Finally, we receive a lot of inbound inquiry about proprietary products because of our unique background in that segment of the industry.

RM: ***I touched on this earlier, but where do you see the proprietary market in 2015?***

MM: I think you will see more lenders offering proprietary loans twelve months from now. Proprietary products are not intended to compete with HECM but rather to address loan limits. Historically, there have been borrowers who are better served by a proprietary loan because of various HECM constraints, but in general, the proprietary loan is designed specifically to address the needs of borrowers with higher home values.

RM: ***Or maybe their home doesn't qualify under the HECM program?***

MM: That's possible, although the intention of proprietary products is not to circumvent HECM guidelines but rather to adhere to them whenever possible. It's in everyone's interest to ensure the collateral is sound, though there are instances – like coops – that HECM cannot accommodate. Reverse mortgages are still too nichey for an ill-conceived proprietary product launch not to reflect poorly on the entire industry. RM

Unintended Consequences

By Mark Olshaker

WITH LITTLE DOUBT, WHEN THE MASSACHUSETTS Senate and House of Representatives passed a bill in 2010 requiring in-person counseling for low-income seniors seeking reverse mortgages, state lawmakers and policy advisors thought they were protecting an often-vulnerable community. Too frequently in the past, the reasoning went – though data did not bear this out – older individuals had been taken advantage of in contracts they didn't fully understand or had been talked into. Mandating a face-to-face meeting with a counselor would help ensure that the prospective borrower knew exactly what he or she was getting into.

Yet, as in so many other aspects of life, the "Law of Unintended Consequences" has proven its sweeping jurisdiction.

The Massachusetts law applies to any senior beneath a low-income threshold that the state defines as a gross income of less than fifty percent of the area median income – as determined by HUD – and whose assets, excluding primary residence, are valued at less than $120,000. The legislature has twice delayed implementation, first at the time of passage and again in 2012. This past July, lawmakers passed a third delay – until 2016 - but Governor Deval Patrick did not sign the bill, effectively implementing the requirement as originally passed, operative as of August 1, 2014.

From the beginning, Massachusetts reverse mortgage professionals and NRMLA have opposed the law as counterproductive to the established aims of the program and have been working to come up with alternatives. So far, no compromises or accommodations from state officials have been forthcoming.

Since the implementation of the face-to-face rule, reverse mortgage stakeholders in the state have been compiling cases in which seniors wanting HECM loans were negatively impacted by the requirement – clearly in opposition to HUD's original intentions. The issues fall into several categories.

The most significant consequences fall upon the physically disabled and infirm.

Jessica Krupsky of Berkshire Bank, had an eighty-nine-year-old bedridden client who lived more than an hour's drive from the nearest certified counselor. The proceeds from a reverse mortgage would allow her to pay for home health care herself rather than go into a nursing home, for which MassHealth – the state's Medicaid agency – would have to pick up the tab. But without a face-to-face counseling session, she cannot complete the loan process.

Jerry Congdon, also of Berkshire Bank, has a client who recently underwent eye surgery, is restricted to her home for several weeks and cannot drive. She is late on mortgage payments and facing possible foreclosure, but cannot obtain a reverse mortgage without in-person counseling.

Chris Downey of Harbor Mortgage in Boston faced a similar situation with a ninety-year-old bedridden client on Martha's Vineyard who required 24/7 care. She had been paying for this care herself, but now needed money from a reverse mortgage to continue. Without the reverse mortgage, she would have to leave her home and move into a nursing home on the mainland, again paid for by MassHealth.

Brett Kirkpatrick, also of Harbor Mortgage, has a client whose husband is in a rehabilitation facility in Georgia. Both spouses are required to undergo counseling, and the husband happily would participate by telephone, but an in-person meeting is not feasible.

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Jack Belles, with Reverse Mortgage of New England, has an eighty-six-year-old widow as a client who is in danger of losing her home due to a property tax increase, unless she can obtain a reverse mortgage. There are no counseling services anywhere nearby and she has been unable to secure transportation for an in-person session.

In some instances, the new requirement actually hurts the process it is trying to improve. Kirkpatrick has a ninety-two-year-old client in Brookline who has significant hearing loss and hears much clearer with a telephone assist device than face-to-face.

Reverse Mortgage Funding's Steve Pepe has an eighty-two-year-old client with such severe back problems she cannot drive or sit upright for long. She is facing her third surgery for the condition. Her husband cannot drive, they are both facing mounting medical bills for in-home care, and all that is keeping them from a reverse mortgage is the in-person counseling requirement.

For many applicants, the requirement adds considerable expense at a time in their lives when they have no extra money to spare.

Krupsky's seventy-eight-year-old client owes nothing on her home but needs funds for heating oil and general repairs and upkeep. In-person counseling, more than an hour's drive away, would add considerably to the expense of the HECM and hardship of getting to counseling.

Kirkpatrick's eighty-nine-year-old client no longer drives and relies on local ride programs. But the nearest counselor is thirty miles away – outside the ride limit. She cannot afford to hire a car for four hours, which is what a counseling session would require.

Bob Tranchell of Total Mortgage Solutions, has clients on Martha's Vineyard who want a reverse mortgage for a line of credit. A trip to a counselor would cost several hundred dollars by ferry and take a full day away from the husband's small business.

Steve Pepe just made it under the August 1 wire for an eighty-five-year-old widow who cannot drive and has no money to hire private transportation. She had large outstanding debts, was being harassed by collection agencies, and desperately needed money for food, heating oil and in-home care. In-person counseling would have represented a large added expense that she could not afford.

This is only a small sampling of the hardship cases that have been logged since August, and highlight some of the reasons in-person counseling is actually standing in the way of low-income seniors obtaining the funds they need. One eighty-one-year-old woman lives with her incapacitated brother and has severe emotional fear of leaving her house. Two other individuals suffer from serious depression and have told their loan officer that a face-to-face session would be impossible for them. A couple in their nineties are completely homebound and unable to make the hour-long trip to the closest counselor. Nor is the distribution of certified counselors even through the state. For example, there are none west of Springfield.

Whether in person or by telephone, counselors go through a detailed checklist of questions to make sure this happens and confirm it in writing.

In fact, about 2,000 to 3,000 Massachusetts seniors seek counseling each year. There are currently only thirty-three HUD-certified HECM counselors in the state, fewer than when the law was passed in 2010. And the number of counseling agencies has dropped from twelve to eight during that time, as agencies have ceased offering HECM counseling in Massachusetts.

HUD established the HECM counseling requirement as a reasonable and understandable safeguard to assure that senior borrowers fully understood the obligations they were taking on and the benefits that would accrue. Whether in person or by telephone, counselors go through a detailed checklist of questions to make sure this happens and confirm it in writing. In the forty-eight states that continue to allow telephone counseling, there has been no pattern of complaints or any assertion that borrowers come away from counseling sessions with a less complete understanding. (North Carolina has in-person counseling, but it is supported by state funding and allows exceptions for hardship cases.)

Further, it would seem that any law whose implementation has to be postponed three times over a four-year period by the very legislators who enacted it has engendered some serious doubt as to its workability. Since those legislators are unable to repeal the Law of Unintended Consequences, they would do well to improve and refine laws they can affect. RM

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2014 The Year at NRMLA

New Rules, New HUD Leadership, New Reverse Mortgage, AARP sues HUD, Extreme Summit and Positive Press

By Marty Bell

Introduction

The past is more than old news; it is the foundation for the future. And 2014 proved to be a year of particularly dramatic and far-reaching developments.

Every year at this time, when we sit down to take a look back to help propel us forward, it seems as if there is but one glaring, perpetual theme for the twelve months past: Change. I was actually hoping to select a different theme this year – stabilization, education – but it would not be accurate. For the dominant events of 2014 have to include the implementation of the HECM program changes and how we all had to adjust, the changes resulting from the AARP law suit against HUD over the non-borrowing spouse predicament, and changes in HUD and FHA leadership. Perhaps the most positive and certainly the most satisfying change last year was a sharp swing in the favorable attitude of the press towards reverse mortgages.

I guess you can divide the years between times of good change and times of bad change. And 2014 would have to be considered primarily good.

Here are snapshots from the year in government, the press and inside our association. (Some of what you read here was originally reported by my colleague Darryl Hicks, whom I thank for his valuable contribution.)

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In Government

We emerged from 2013 with the passage of the Reverse Mortgage Stabilization Act, signed into public law by President Barack Obama on August 9, that authorized the HUD Secretary to make changes by notice or mortgagee letter to "improve the fiscal safety and soundness of the reverse mortgage program." This was followed by issuance of a Mortgagee Letter in September that called for initial disbursement limits, mortgage insurance premium adjustments and financial assessment requirements. This ignited a year devoted to implementation and clarification:

Federal Appropriations Bill Extends HECM Cap

On January 15, the House of Representatives passed a $1.1 trillion appropriations bill that kept the federal government running, and authorized FHA to keep insuring Home Equity Conversion Mortgages, through September 30.

HUD Officials Provide Updates on FA and Non-Borrower Spouses

On January 16, Deputy Assistant Secretary for Single Family Housing Charles Coulter met with NRMLA's Executive Committee and informed them that the U.S. Department of Housing and Urban Development intended to issue a Mortgagee Letter clarifying the Non-Borrower Spouse issue in the next few weeks, to be followed by another Mortgagee Letter on implementation of Financial Assessment. The first ML will essentially require that in the case of a non-borrower spouse, the age of the younger member of the couple will be utilized to determine the appropriate principal limit factor. HUD will be modifying the PLF tables to cover ages below 62 for this purpose.

Coulter also discussed new products created in the wake of implementation of limited upfront draws and expressed concern that guaranteed second year or future draws of any kind were not in the spirit of the changes to the program.

GNMA Clarifies Eligibility Guidelines For HMBS Securities

In February, Ginnie Mae placed a temporary moratorium on the pooling of fixed rate HECMs that allow homeowners to take future draws, either from a line of credit or monthly payments, until it and FHA had additional time to study these newer product variations.

GNMA Implements HMBS Restrictions

On April 1, Ginnie Mae sent an All Participants Memorandum to its issuers reminding them that fixed rate HECM loans that allow borrowers to take future draws may not be included in Home Equity Conversion Mortgage-Backed Securities (HMBS) with an issue date on or after June 1, 2014. Ginnie Mae instituted the moratorium on the pooling of fixed rate HECMs that allow homeowners to take future draws, either from a line of credit or monthly payments, until it and FHA have additional time to study these new product variations.

Non-Borrowing Spouse Foreclosure Extensions

On April 21, HUD issued an announcement that FHA mortgagees may request extensions of up to 60 days from initiating foreclosure where there is a surviving non-borrowing spouse living in the property. The extensions will be granted on a case-by-case basis and may include loans where the mortgagee has already initiated foreclosure.

Non-Borrowing Spouse Rule Alteration

On April 25, HUD issued a Mortgagee Letter amending the program regulations and requirements concerning the due and payable status when there is a non-borrowing spouse younger than 62. The letter stated FHA had no authority to alter existing loans, but it extended insurance eligibility for new HECMs to mortgagors and non-borrowing spouses, including common law spouses, as of August 4.

Protection Against New Products

On June 20, HUD issued two Mortgage Letters in response to new products created since the implementation of limited draws: One letter was a response to taking the remaining loan proceeds upon expiration of the first 12 month disbursement period, which, HUD wrote, undermined the objective of reducing large upfront draws and posed a threat to the future financial soundness of the program. HUD said it would not insure any products that provided for any future draws by mortgagor under any circumstances.

The other Mortgagee Letter addressed risks in connection with the newly created fixed rate HECM products and aimed to clarify the requirement to protect HECM mortgagors from misleading advertising and to present all available, rather than only particular products.

PLF Table Adjustments for Non-Borrowing Spouses

On June 27, HUD issued a Mortgagee Letter announcing new Principal Limit Factor tables (to be implemented as of August 4) to include PLFs for use when the borrower had a non-borrowing spouse under 62.

Financial Assessment Guidelines

On November 11, after a long period of receiving input and comments, HUD issued two Mortgagee Letters with final rules for implementation of Financial Assessment for each prospective mortgagor as of March 2, 2015.

MMI Fund Sees Strong Two-Year Recovery

In its 2014 Annual Report to Congress on the Financial Status of the FHA Mutual Mortgage Insurance Fund, HUD reported an impressive two-year gain of $21 billion dollars from a 2013 negative value of $16.3 billion to a 2014 positive value of $4.8 billion.

"This year's report shows FHA has successfully strengthened the fund while continuing to deliver on its core mission of serving responsible buyers," wrote Housing Secretary Julian Castro in his foreword.

The increased economic value now represents a capital reserve of 0.41%, though a 2% reserve is required by law. In last year's report, HUD estimated the reserve would return to 2% by next year. It now estimates reaching 1.5% in 2015 and continuing to grow subsequently as long as there is not another recessionary event that diminishes home values.

In the Court

AARP Sues HUD Again Over Non-Borrower Spouse Issue

In February, the AARP Foundation Litigation group, on behalf of four non-borrowing surviving spouses, sued HUD in the U. S. District Court in the District of Columbia (*Plunkett v Donovan*, filed February 27, 2014). This lawsuit followed AARP's successful similar suit against HUD, in this same court, in *Bennett v Donovan* (Case No. 11-498, September 30, 2013).

In the earlier Bennett case, the Court ruled that the portion of the National Housing Act related to non-borrowing spouses (12 U.S.C. 1715z-20(j)) "means what it says: the (HECM) loan obligation is deferred until the homeowner's and the spouse's death." In the earlier Bennett case, the Court ordered HUD to fashion appropriate relief to implement that requirement.

Both the Bennett and Plunkett HECM non-borrower spouse (NBS) cases continued to be litigated at an accelerated pace. HUD issued a memorandum in April that permitted a 60-day extension of foreclosure timeframes for certain NBS. In its Status Report to the Court, HUD noted (based on information provided by servicers) that, as of May 28, 280 requests for such extensions had been received (and approved), and that, from January 1, 2014 through May 15, 2014, the FHA had received 6,550 notices of the initiation of foreclosure.

On August 28, the court issued a Memorandum Opinion on the consolidated Bennett and Plunkett HECM cases.

The Court ruled that:

- HUD's Mortgagee Optional Election program was not arbitrary and capricious; the court noted that HUD planned eventually to apply this program to all non-borrowing spouses. The court ordered summary judgment in favor of HUD on this point.
- HUD's failure to fully analyze the possibility of delaying foreclosure until a given HECM loan reaches 98% of its maximum value was arbitrary and capricious, and this portion of HUD's decision was remanded to HUD for further consideration.
- HUD cannot be compelled to take assignment of the four HECM loans represented in the lawsuit.
- The plaintiffs motion for class certification was denied without prejudice.

Changes at HUD

Secretary Change

In May, President Barack Obama announced that Shaun Donovan, HUD Secretary since the President's election in 2008, would leave the department to become Director of the Office of Management and Budget. He was succeeded by three-term San Antonio mayor Julian Castro, who had previously overseen creation and implementation of the impressive SA2020 urban service expansion campaign in his hometown.

FHA Commissioner Carol Galante Steps Down

Assistant Secretary for Housing/Federal Housing Commissioner Carol Galante departed in the fall to accept the I. Donald Terner Distinguished Professorship in Affordable Housing and Urban Policy at her alma mater, the University of California-Berkeley. She will also serve as the Director of the Berkeley Program in Housing and Urban Policy and co-chair the Fisher Center on Real Estate Policy Advisory Board.

DAS Coulter Leaves HUD

In February, Charles Coulter, HUD's Deputy Assistant Secretary for Single Family Housing, who over the past two years played a pivotal role reforming the HECM program and implementing other measures that strengthened the Mutual Mortgage Insurance Fund, departed to return to the private sector. He was replaced by Kathleen Zadareky.

Hill Promoted

Karin Hill was promoted from being Director of the Office of Single-Family Program Development to being a Senior Advisor in the office of the Deputy Assistant Secretary for Single-Family Housing. Hill continues to be the primary point person for HECM policy issues and will also have more direct interaction with the DAS, as well as some broader responsibilities.

In the States

Texas Open For H4P Business

On February 28, four months after Texas voters passed a constitutional referendum allowing HECM for Purchase loans in the Lone Star State, several lenders announced that they were ready to do business. Urban Financial of America, American Advisors Group, Reverse Mortgage Solutions and Generation Mortgage Company began accepting applications.

California Passes Reverse Mortgage Consumer Protection Bill

NRMLA prepared and delivered comments to the sponsors of California Assembly Bill 1700 in May of 2014. NRMLA Risk and Compliance Committee Co-Chair Karim Hatata testified before the Senate Banking and Financial Institutions Committee. NRMLA comments on the legislation were also submitted to the sponsor, Assembly Member Jose Medina.

NRMLA President Peter Bell testified in Sacramento in June of 2014 regarding the unintended consequences of AB 1700.

But the California Senate unanimously approved AB 1700, which mandates a 7-day "cooling off" period between the time a client is counseled and when an application is taken. In addition to the cooling off period, the bill requires a lender to provide a worksheet guide that addresses certain issues that the borrower is advised to consider and discuss with the counselor. The worksheet guide would have to be signed by the counselor and the borrower before an application can be taken. California Governor Jerry Brown signed the bill into law on September 30. The law's effective date is January 1, 2015.

Massachusetts Governor Signs Bill, Adds Amendment

Massachusetts Governor Deval Patrick signed a comprehensive Economic Development bill that includes a two-year delay until August 2016 in the requirement for face-to-face reverse mortgage counseling in the Commonwealth.

However, the Governor returned the bill to the legislature with an amendment that states: "for any reverse mortgage loan that closes prior to August 1, 2016, a written certification received by the mortgagee from a third-party organization reflecting that the mortgagor has received telephonic counseling relative to the appropriateness of the loan transaction shall be sufficient if the third party organization has been approved by the executive office of elder affairs for the purpose of such counseling or by the federal Department of Housing and Urban Development for the purpose of mortgage counseling."

Until the amendment is adopted by the legislature, current law requiring face-to-face counseling for borrowers who fall within the income threshold remains in effect. As of this writing, the amendment has not been adopted.

In the Press

As part of the Extreme Summit campaign, NRMLA was assigned responsibility for assuming a proactive role with the national press with the goal of yielding on ongoing 3:1 positive:negative press coverage ratio. In the first month of the new effort, August 2013, the ratio was 2.3:1. For the seven months between May and November 2014, the ratio was 12.5 positive stories for every one negative story. Some highlights from the year's press coverage:

Bloomberg Reports on Academics' Entry Into Reverse Mortgages

Columbia Business School Professor Christopher Mayer and economist Alicia Munnell, Director of the Center for Retirement Research at Boston College, are two notable academics who are so convinced that reverse mortgages can be a cornerstone of responsible retirement planning that both have entered the business, according to a January 18th article written by Bloomberg housing policy reporter Clea Benson.

WSJ: Tighter Regulations Should Make Reverse Mortgages Safer

Recent programmatic changes to the reverse mortgage program will make it more difficult for some people to get a reverse mortgage, but most financial advisors believe that's a good thing, according to an article in the Sunday edition (March 22) of *The Wall Street Journal*. In his article, "A Kindler, Gentler Reverse Mortgage," reporter Tom Lauricella explains how reverse mortgages, when used wisely, enable older adults to tap the value of their homes without having to uproot themselves and sell.

NY Times Article on Heirs Causes Backlash

One of the more controversial articles published this year was Jessica Silver-Greenberg's piece in the March 26th edition of the *New York Times* about the frustration of heirs whose parents got a reverse mortgage and the issues they encountered paying off the debt, so they could keep the house. The article, titled "Pitfalls of Reverse Mortgages May Pass to Borrower's Heirs," generated just under 630 comments, the vast majority of them critical of the reporting and the views expressed by the heirs.

Then, on April 10th, the newspaper printed a more balanced follow-up story (titled "Reverse Mortgage Realities") by reporter Lisa Prevost that uncovered a sense of entitlement felt by some heirs, rather than their parent's financial well-being. Elder law and reverse mortgage experts, wrote Provost, say they frequently encounter resistance from children less concerned about the terms of the loan than about losing their presumed inheritance.

CBS MoneyWatch: Reverse Mortgages Poised for Comeback?

After taking a hit during the financial crisis, reverse mortgages are looking at a potential revival because of government reforms that have strengthened the product, combined with aging Baby Boomers who are looking for additional sources of income to fund their retirements, according to a story published on June 2 by CBS MoneyWatch.

In her article, "Reverse Mortgages May Be Ready for a Revival," reporter Aimee Picchi wrote that reverse mortgages come with different risks than traditional mortgages, but they "provide a way for many Americans to fund a comfortable retirement and may grow in popularity as millions of Baby Boomers enter their golden years."

Nationally Recognized Economics Reporter Endorses New Reverse Mortgage

In response to a consumer's question about the drawbacks of reverse mortgages, Scott Burns, an economist, MIT graduate, and one of the most respected financial columnists in the country, said recent reforms have lowered costs and transformed the product into a better financial tool for retirees.

"If you are retired, healthy and not dead broke, new research indicates that a reverse mortgage can be what they were hoped to be—another tool for man-

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aging retirement income and spending," wrote Burns, in a syndicated column that appeared in the *Dallas Morning News* and in the *Seattle Times* on Sunday, July 20.

AP: Reverse Mortgages Poised for Rebound

Associated Press national reporter Hope Yen published an optimistic look at the reverse mortgage program's future and profiled a Philadelphia couple who took out a loan in May to help pay off bills and avoid moving into an assisted living facility.

"Reverse mortgages will be a lifeline for millions of Americans in retirement in the years to come," said Greg McBride, a chief financial analyst for Bankrate.com, citing growing financial pressures from rising college tuition for their children and health care.

Rush of Good Press

In one week in September, four stories that touch on reverse mortgages appeared in four of the eight largest circulation dailies in the U.S. Together, these stories reached about 8 million pairs of eyeballs.

In her nationally syndicated personal finance column, "The Color of Money," the *Washington Post's* Michelle Singletary wrote that reverse mortgages may be a useful tool to help fill the retirement funding gap, but as with any mortgage, consumers should proceed with caution and learn as much as they can before deciding whether it's the right solution for them.

Andrew Khouri of the *Los Angeles Times* wrote an article titled, "Many Seniors Trying to Retire With a Mortgage," which looked at the growing trend of Baby Boomers retiring with mortgage debt and the impact it's having on their lives. One individual that Khouri profiled, Tom Greco, recently downsized in order to reduce his monthly mortgage payment. Greco said he hopes to pay enough down on his new mortgage in five years, so that he can get a reverse mortgage and eliminate the loan entirely.

In his "Your Money" column, Ron Lieber of the *New York Times* asked why aging parents feel obligated to leave their children an inheritance. Lieber concluded the column by telling his parents, "Spend your money on your health and comfort" and "I don't want an inheritance, nor do I expect one."

In her article, "When the Client Educates the Advisor," Kelly Kearsley of *The Wall Street Journal* explained how one Colorado couple convinced their skeptical financial advisor that a reverse mortgage was the best option to let them continue living in their home. "Here was something I was adamantly against because I was misinformed," said the advisor. "In hindsight I think advisors should always be seeking additional information, and with a client's help I became more open-minded."

Using Your Home as a Source of Retirement Income

The Center for Retirement Research at Boston College published a new booklet, titled "Using Your House for Income in Retirement," that explains to aging homeowners how they can use their largest asset to finance their retirement years.

"Home equity is the largest source of wealth for retirees and, with reduced support from Social Security and pensions, many more will need it for retirement income," according to a statement from the CRR.

Wall Street Journal blog: Sustaining Your Retirement With a Reverse Mortgage

Research shows that financially responsible individuals can improve their retirement sustainability with a reverse mortgage, according to Wade D. Pfau, a professor of retirement income in the Financial and Retirement Planning Ph.D. program at The American College.

In his blog published by *The Wall Street Journal* (titled "A Case for Reverse Mortgages"), Professor Pfau wrote that wealth accumulation can be difficult for individuals whose primary asset is their home. One possible solution is a reverse mortgage, which "increases a retiree's flexibility to meet spending objectives by integrating an otherwise illiquid asset into an overall framework for how to best spend down assets in retirement."

New Research

NFCC Survey Reveals Anxieties Over Personal Finances

The National Foundation for Credit Counseling® (NFCC) released the results of a survey conducted online in March by Harris Poll, which found that 71 percent of Americans are worried about their financial situation. The top concerns were evenly divided between insufficient "rainy day" savings for an emergency (16%) and retiring without having enough money set aside (16%).

CFPB Reports Show Few Reverse Mortgage Complaints

The Consumer Financial Protection Bureau published two reports that include a survey of borrower complaints. In each, complaints about reverse mortgages proved to be minimal. Just two percent of the 15,500 consumer complaints collected by the CPFB's Office of Older Americans since July 2011 focused on reverse mortgages.

Fewest Underwater Mortgages in Years

The percentage of U.S. homeowners with negative equity in their homes fell to 19.4 percent in the fourth quarter of 2013 – the first time it has fallen below 20 percent in several years, according to the Zillow Negative Equity Report.

OSU Default Analysis Shows HECM Heading in the Right Direction

A new report from a team of researchers at Ohio State University showed that recent changes to the HECM program are on track to reduce default rates among borrowers.

In "An Analysis of Default Risk in the Home Equity Conversion Mortgage Program," Stephanie Moulton of the John Glenn School of Public Affairs, along with Donald R. Haurin and Wei Shi from Ohio State's Department of Economics, conclude that capping the amount of funds drawn during the first year can reduce the probability of future defaults by more than 20 percent.

Fed Survey: One-Third of U.S. Households Unprepared for Retirement

The Federal Reserve Board published the results of a new online survey which found that 31 percent of non-retired respondents have no retirement savings or pension, including 19 percent of those ages 55 to 64. Additionally, almost half of adults were not actively thinking about financial planning for retirement, with 24 percent saying they had given only a little thought to financial planning for their retirement and another 25 percent saying they had done no planning at all. Of those who have given at least some thought to retirement planning and plan to retire at some point, 25 percent didn't know how they would pay their expenses in retirement.

Harvard Housing Study: Reverse Mortgages a Valuable Funding Source

While America struggles to meet the housing needs of its aging population, reverse mortgages remain a valuable source of funding for older Americans who have financial and other retirement needs, according to a report published by the Harvard Joint Center for Housing Studies and AARP Foundation.

"Reverse mortgages can be particularly helpful to lower-income households holding most of their wealth in home equity," said the report. "For example, reverse mortgages can be used to convert a portion of housing wealth into an income stream to help cover property taxes and insurance payments, the costs of supportive care, and other living expenses. The ability to choose either a lump sum or a line of credit can assist homeowners in paying for one-time, big-ticket expenses, such as home modifications or improvements."

At NRMLA

Conferences

Eastern Regional, New York

Almost 300 NRMLA members, non-members and interested investors gathered at the Intercontinental Times Square Hotel in New York in March for an energetic and forward looking Eastern Regional Meeting & Finance and Investor Forum entitled "New HECM, New York." The focus throughout the two-day event—the largest attended NRMLA regional meeting in recent years—was utilizing recent changes to the HECM program to expand the base of potential borrowers and to be able to present them with a better product and more secure future.

The two-in-one event included NRMLA's Reverse Mortgage Finance & Investor Forum. Speakers included John Getchis, SVP, Office of Capital Markets, Ginnie Mae; Karin Hill, HUD; and subject matter experts from RBS (Royal Bank of Scotland), Bank of America Merrill Lynch, Brean Capital and Nomura Research. Topics ranged from HECM Cash Flow Modeling to Data Transparency to HMBS Performance and Valuation.

Western Regional, San Diego

In May, 282 conference attendees tackled the challenges of the moment: confusion about the final form of financial assessment; questions about what happens to pending cases despite the fact that non-borrowing spouse rules have been altered going forward; and the recent press scrutiny levied on servicers who are following HUD's rules, and yet are still being criticized for not allowing some heirs to purchase their relatives' properties for 95% of the appraised value.

"While many of us may yearn for a calmer and more stable time, for a number of reasons that is proving allusive to us," said Peter Bell. "We can't really eliminate the challenges that you face, but NRMLA can help you better understand the issues."

Annual Meeting, Miami Beach

In an opening general session, leaders of four member companies set the theme for the event, discussing the "Reverse Mortgage Reset" required by the recent changes made by HUD to the HECM program. During a HUD staff presentation, Karin Hill said, "We are starting to see results from the changes. They are moving us in the right direction. We certainly hope borrowers will stick with the lower withdrawal patterns and not be encouraged to take out the balance of funds."

Much of the three-day conference focused on methodology of implementation of the changes as well as sales and marketing approaches inspired by them. Financial Planner Rick Miller of Sensible Finance drew attention to unexpected costs to aging Americans of their adult children, which generally are not considered in retirement planning. Michael Gordon of BNY Mellon, which recently entered the market, showed how even the moderately wealthy who have responsibly saved can benefit from utilization of home equity in their retirement planning. Chris Herbert of Harvard's Joint Center for Housing Studies presented results of a recent report on senior housing that showed vastly increasing mortgage debt amongst a sector that historically has paid off these obligations earlier.

HUD Deputy Assistant Secretary for Single Family Housing and keynote speaker Kathleen Zadareky thanked NRMLA for the leadership role it played over the past year-and-a-half during the time of change. And then she told the gathering, "My team is committed, I am committed and the Secretary is committed to the HECM program."

Extreme Summit

On a sunny Friday in March at the foot of rolling hills 30 miles northeast of Los Angeles, 22 people near or over retirement age celebrated a life well led—thus far. The occasion was the shooting of a television commercial for an educational campaign about new reverse mortgages, nicknamed within the industry as the Extreme Summit.

The spot was the centerpiece of a three-city pilot for the educational campaign launched in Philadelphia, Denver and Seattle in the late spring. It was aired on television in those markets as well as featured on a website, newreversemortgage.org, especially constructed for the effort. Spreading the message also included print ads and a national public relations effort aimed at engaging local press and influencers and, as a result, consumers.

The effort was inspired by Otto Kumbar of Liberty Home Equity Solutions, who pulled together the six largest lenders—Liberty, American Advisors Group, One Reverse Mortgage, Reverse Mortgage Solutions, Generation Mortgage Company and Urban Financial of America—into a unified team. Together, the companies contributed $1.2 million for the betterment of the entire industry. Many observers both inside and outside the industry remarked how unusual and commendable it was for six competitors to pool their financial and intellectual resources.

Results of the effort were measured by compilations of various data, the most important being pre- and post-campaign interviews with 400 people in each market.

Results of the pilot proved to be mixed. While the post-campaign interviews showed very little short-term change in perception of reverse mortgages by consumers, the perception by the national press seemed to improve dramatically. *(See "In the Press" section of this article.)* The concept of the "new reverse mortgage" had traction and many reporters seemed to be taking a fresh look at a product improved by actions following the Reverse Mortgage Stabilization Act.

At November's Annual Meeting, members were invited to brainstorm on future actions. While the crowded television advertising market may not be the most efficient approach, there seems to be consensus that circling the wagons of all NRMLA members for a united effort is extremely valuable and should continue. The form of future actions of the Extreme Summit will be a priority when the Board of Directors assembles for its first meeting of the new year.

HERMIT Functionality

In January of 2014, NRMLA coordinated with HUD's Office of Asset Management to convene a quarterly meeting of the HERMIT Advisory Committee (HAC) in Washington, DC. The HAC continues to meet to identify issues with the HERMIT system and to work toward enhancing the HERMIT functionality.

Counseling Protocol Input

On January 23, the HUD Issues Committee established its Counseling Protocol Working Group to review the protocol and to identify those areas that are concerning to the reverse mortgage industry and need updating given the recent HECM mortgagee letters. The working group finalized and submitted its comments in August of 2014.

Board Meets with Ginnie Mae

In March, the NRMLA Board of Directors met with Ginnie Mae to discuss secondary market implications of the HECM variants that started to appear in the market place.

Servicing Committee Visits Albany

The NRMLA Servicing Committee convened in Albany, NY for a special meeting with HUD's Claims Processing Center in April 2014. Many best practices were identified and procedural enhancements to the claim filing process instituted.

Non Borrowing Spouse Response

In May, the NRMLA HUD Issues Committee convened a special task force to prepare comments in response to HUD's proposed rulemaking on Non-Borrowing Spouse issues. In June, NRMLA submitted its comments to HUD re: the Non Borrowing Spouse proposed rulemaking. In July, the NRMLA Risk & Compliance Committee convened to determine compliance approaches to the Non-Borrowing Spouse ML 2014-07.

H4P Working Group Formed

In August, NRMLA's HUD Issues Committee established a HECM for Purchase Working Group to identify issues with the H4P program and to develop recommendations for improvements.

Comments Submitted

In October, NRMLA submitted comment letters to the CFPB regarding the proposed HMDA rulemaking, to HUD regarding the Department's proposed Loan Quality Assessment guidance, and to FHFA requesting that HECM reverse mortgages be considered in Fannie Mae's and Freddie Mac's proposed housing goals.

Record Crowd Participates in Mandatory Obligations Webinar

Generation Mortgage Company trainers Dan Hultquist and Crystall Shaw led an informative discussion on mandatory obligations related to upfront draws as part of a members-only webinar attended by a record 211 delegates.

The presenters explained why limiting upfront draws was necessary, summarized Mortgagee Letters 2013-27 and 2013-33, defined mandatory obligations, reviewed disbursement guidelines and offered borrower scenarios to help illustrate these changes.

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ICC Adopts Elder Abuse CE Requirement

The Independent Certification Committee that administers the Certified Reverse Mortgage Professional program adopted a continuing education requirement for current CRMPs to complete a minimum of one hour of elder abuse course work within three years of earning the designation. Candidates pursuing future CRMP designation who successfully complete the elder abuse course as part of their application process, and then pass the exam, will not be required to retake the course during the three-year certification period.

Ethics Committee Updates Refinance Guidelines

NRMLA's Board of Directors adopted *Ethics Advisory Opinion 2014-1— Ethical Refinancing of HECM Reverse Mortgage Loans and Anti-Churning Considerations*. The document updates prior advisories that addressed ethical refinance activities, so that new FHA program changes enacted over the past year are considered.

For example, prior guidance permitted members to refinance HECM reverse mortgages six months after closing if there was a bona fide advantage to the borrower. However, Mortgagee Letter 2013-27 limits upfront draw restrictions during the initial 12 months after closing, so these concepts must now be considered when members develop refinance policies.

A New Resource for Consumers

As a supplement to the popular booklet, "Your Roadmap to a Reverse Mortgage," the November-December issue of *Reverse Mortgage* magazine featured a new set of articles titled "You Are There: A Box Seat View of the Reverse Mortgage Process." This new resource available to NRMLA members for their clients lets a consumer:

- sit across the table from a loan originator as she explains a reverse mortgage to a client;
- visit a call center;
- be a fly on the wall through a counseling session;
- watch an appraiser evaluate a home;
- join in on a closing; and
- see how a loan servicer assists clients.

NRMLA Magazine, Web Site Receive Awards

For the third consecutive year, NRMLA communications were honored for excellence by the International Marketing and Communications Association. Over 20,000 entries were submitted, many of them large corporations with huge marketing budgets. NRMLA's 2014 MarCom Awards include:

- In the best association magazine category, a Platinum Award (the highest honor) for "The Value of Research" issue of *Reverse Mortgage* Magazine
- In the best magazine cover category, a Platinum Award for "The Value of Research" issue of *Reverse Mortgage* magazine
- In the best feature article category, a Gold award for Marty Bell's cover story "Urban Caballero" about Secretary of Housing and Urban Development Julian Castro
- In the best association web site category, a Gold Award for reversemortgage.org
- In the best educational web video, a Gold Award for "Leo Corona" on the New Reverse Mortgage website

Distinguished Service

Individual members who provided unique service to the association for the benefit of all the member companies over the past year were honored at NRMLA's Annual Meeting in Miami Beach.

Distinguished service awards were presented to outgoing Board co-chair George Lopez of James B. Nutter & Company as well as to four members—Dan Hultquist (Generation, now with Open Mortgage), Lorraine Geraci (UFA), Craig Barnes (RMF) and Judd Lyman (Liberty)—who collaborated on restructuring and administering our CRMP Ethics training workshop.

Board of Directors

The Board of Directors for 2014-2015, elected at the Annual Meeting, includes:

Joe DeMarkey, Reverse Mortgage Funding – CO-CHAIR
Reza Jahangiri, AAG – CO-CHAIR
Sherry Apanay, UFA – VICE-CHAIR
Mark Browning, HomeChex – VICE-CHAIR
Steve McClellan, UFA – SECRETARY
Jason McNamara, Celink – TREASURER

Jeff Birdsell, ReverseVision
Nick Buscaglia, M&T Bank
D. Scott Clarke, Reverse Mortgage Solutions, Inc.
Jim Cory, Live Well Financial, Inc.
Colin Cushman, Generation Mortgage Company
George Downey, Harbor Mortgage Solutions, Inc.
Paul Fiore, American Advisors Group
Michael Gordon, BNY Mellon
Dave Hickey, Nationstar/Champion Mortgage
Michael Hild, Live Well Financial, Inc.
Otto Kumbar, Liberty Home Equity Solutions, Inc.
George Lopez, James B. Nutter & Company
Chris Mayer, Longbridge Financial, LLC
Bob Sivori, Reverse Mortgage Funding, LLC
Gregg Smith, One Reverse Mortgage, LLC
Mary Smith, Liberty Home Equity Solutions, Inc.

In addition, the following individuals who have all served previously as Chairmen of the Association will serve as "ex officio" members of the Board:

Sarah Cavanaugh, 1st Reverse Mortgage USA
Bart Johnson, Premier Home Equity
Cheryl MacNally
James Mahoney, Celink
Joe Morris, Open Mortgage, LLC
John Nixon, Bank of America
Jeff Taylor, Reverse Vision

New Members

NRMLA welcomes the following companies that joined the association in 2014:

360 Mortgage Group, LLC, Austin, TX *(Lender)*
Access Reverse Mortgage Corporation, St. Petersburg, FL *(Lender)*
Australian Seniors Finance Pty Ltd., Melbourne, Australia *(Associate)*
American Capital Advisory Group LLC, Cleveland, OH *(Lender)*
American Federal Savings Bank, Bozeman, MT *(Lender)*
BCB Community Bank, South Orange, NJ *(Lender)*
BNY Mellon *(Associate Member)*
C2 Financial Corporation, San Diego, CA *(Lender)*
Consolidated Credit Solutions, Inc., Fort Lauderdale, FL *(Counseling Agency)*
Family First Funding, Toms River, NJ *(Lender)*
FBC Mortgage, LLC, Orlando, FL *(Lender)*
Fidelity Homestead Associates, LLC, Westlake, OH *(Associate)*
Heartland Bank Limited, Auckland, New Zealand *(Associate)*
First American Mortgage Solutions, Santa Ana, CA *(Lender)*
Loan Protector Insurance Services, Cleveland, OH *(Associate Member)*
Metropolitan Home Mortgage, Inc., Sacramento, CA *(Lender)*
Mortgage Master Inc., Walpole, MA *(Lender)*
Neighborhood Mortgage LLC, Bellingham, WA *(Lender)*
On Q Financial, Inc., Newport Beach, CA *(Lender)*
Opportunity Bank of Montana *(Lender)*
Orion Mortgage, Inc., Broomfield, CO *(Lender)*
Ottawa Savings Bank, Ottawa, IL *(Lender)*
Premium Title, Coppell, TX *(Associate Member)*
Reliable Tax Data Corp., Arlington, TX *(Associate)*
Responsible Reverse Mortgage, Inc., West Palm Beach, FL *(Lender)*
ReverseAmerica Advisors Incorporated, Houston, TX *(Associate)*
Reversing Colorado Mortgage, LLC, Colorado Springs, CO *(Lender)*
Salem Five Mortgage Company, LLC, Plymouth, CA *(Lender)*
Security Mortgage Financial Services Inc., Newtown, PA *(Lender)*
Silver Lining Realty, Newport Beach, CA *(Associate Member)*
Sirote & Permutt, P.C., Birmingham, AL *(Associate)*
Smith, Stern, Friedman & Nelms, P.C., Dallas, TX *(Associate Member)*
SNA Financial Inc., Los Angeles, CA *(Lender)*
Starboard Financial Management LLC, Gilbert, AZ *(Lender)*
SWBC Insurance Services, San Antonio, TX*(Associate)*
US REO Partners, Inc., Sunrise, FL *(Associate Member)*

New CRMPs

Harlan Accola, Top Flite Financial, Inc., Marshfield, WI
Brian A. Belluomini, Acrobat Financial Group, Scottsdale, AZ
Ellen Connors, Direct Finance Corporation, Norwell, MA
Marshall Gallop, Reverse Mortgage Funding, Jacksonville Beach, FL
Michel McKnight, American Pacific Reverse Mortgage Group, Citrus Heights, CA
Brett Kirkpatrick, Harbor Mortgage Solutions, Braintree, MA
Rebecca Koontz, Frost Mortgage Banking Group, Albuquerque, NM
Bruce McPherson, Security One Lending, San Diego, CA
Robert Mills, Greenleaf Financial, LLC, Portland, OR
Lisa Nass, Gershman Mortgage, St. Louis, MO
Vickie Nguyen, HighTechLending Inc., in San Diego, CA
Beth Patterson, Reverse Mortgages SIDAC, a division of Greenleaf Financial, LLC., St. Paul Minnesota
Karen Rayfield, Security One Lending, Virginia Beach, VA
Ken Seal, Neighborhood Mortgage, LLC, Bellingham, WA
Donnell Secrease, Liberty Home Equity Solutions, Sacramento, CA
Richard Simpao, Golden Equity Mortgage, San Diego, CA
Rick Sweeney, Open Mortgage in Incline Village, NV

Website

Reversemortgage.org, NRMLA's consumer website that contains member lender listings, zoomed from an average of under 20,000 unique visitors per month to over 30,000 per month in 2014. Since the summer, unique visitors have approached close to 40,000 on a monthly basis. RM

Choosing Partners

The Wholesale Mating Dance By Mark Olshaker

IF YOU ATTEND A CONFERENCE OF THE NATIONAL Reverse Mortgage Lenders Association, you are likely to see two distinct types of professional activities taking place.

In a large hotel ballroom, there will be speeches, presentations, panels and audience participation discussions on a diverse range of industry topics. At the same time, smaller get-togethers of two, three or four individuals are going on in the lobby, at participant display tables, in hallways and small, otherwise unoccupied meeting rooms. Though it may not be obvious to outsiders, these encounters may very well be part of the partnership mating dance.

The reverse mortgage business is dependent upon partnerships. Just about every job designation needs partners to accomplish its particular part of the process. A servicing company, for example, needs to have someone make a loan before it can perform its function. The form of the partnerships vary. A partnership between a lender and a servicer can be contractual. Counselors and lenders require a hands-off, arms-length, non-communicative relationship, but one can't complete a transaction without the other. Some partners, such as HUD as HECM insurer, you have no choice about. Other partners, you get to choose.

One of the most vital partnerships is that between originators and wholesale loan companies and investors. And the question of what goes into forming those partnerships provides an intriguing look at the inner workings of the industry.

How Do You Pick a Partner?

There can be many reasons why people in the reverse mortgage trade choose to work together, including cost, underwriting standards and speed and efficiency of turnaround. The single most important factor for those companies that do their own initial funding – either with their own money, a warehouse line or a combination – is to work with investors who reliably will take their loans. For brokers, it is to have a dependable partner whose underwriting guidelines work for their client base.

But the one word that comes up over and over again in discussions with all industry professionals is "relationship."

"That is the foremost consideration to me personally," states Mike Gruley, with 1st Financial Reverse Mortgages in Plymouth, Michigan. "When I'm considering a partnership, I want to know: Are these people we want to deliver good, clean loans to? Are they actively trying to promote our business? If you have that, the other things naturally fall into place."

Gruley reports that 1st Financial, which initially funds through a warehouse line, generally has four or five funding partners signed up at any given time, but "eighty to ninety percent of our business is with two."

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There are practical reasons to spread the business around. "If we get a unique file," he comments, "we're committing ourselves, and we want to make sure we have at least two lenders we can go to with it."

Brett Kirkpatrick, a broker with Harbor Mortgage Solutions of Boston, maintains five active relationships, and believes that the broker model is the best situation for the client. "The insurance industry is the perfect model for what we do. Brokers are all about customer service. We become the client's agent and find out what he's looking for, instead of him having to go door-to-door looking for the best loan."

Adds Patty Wills of Retirement Life Funding in Sykesville, Maryland: "The big benefit of being an independent broker is that if the loan can be done, I know I can do it." She usually works with "a couple" of wholesalers at a time, and chooses her relationships based, among other things, on underwriting guidelines, pricing beneficial to her clients, communications with the rep and support staff, and their ability to "get questions answered quickly and accurately."

Since Retirement Life doesn't fund its own loans, Wills says, "There are a lot of conversations with the client ahead of time and we know the story well and who we're going to work with."

Kirkpatrick sees the brokers' role as "holding the course to keep the market open" until it becomes sufficiently mature and the largest banks and underwriters enter or return to the reverse mortgage sphere; something he is confident will occur eventually. "We're in the trenches until the product becomes more mainstream."

He recalls "pleasant and unpleasant surprises" with wholesale partners over the years, "even though we're all supposed to be singing out of the same FHA songbook."

The Role of Underwiting

Alina Passarelli is Business Development Manager for Marketplace Home Mortgage in Edina, Minnesota, bordering Minneapolis and Bloomington. Though Marketplace initially funds its own HECMs, it maintains relationships with four regular wholesale partners, of which Passarelli admits she has a personal favorite. As with brokers, the first question she asks is: Which is best for the client?

"Investors may have underwriting layers above HUD's," she explains. "For instance, here in Minnesota we have million-dollar log homes. One investor might understand this type of construction and be willing to underwrite, while others might shy away." She goes on to say that the choice of investor partner is generally not revenue-driven as much as ensuring flexibility. "We are hands-on here and take on 'interesting cases,' so we like to have options."

Colleen Moore is President of Golden Equity Mortgage Corporation in San Diego, a company that lends directly and also wholesales for brokers. She agrees, "It's not always about price. It's more about the service that we give. When I create a relationship with an investment group, I want to know what their overlays are." She says Golden Equity has a correspondent relationship with six investors, but feels most comfortable with two or three.

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Choosing Partners continued from page 25

Mike Gruley has a similar approach. "Our job is to make sure we're dealing with underwriters who don't have a lot of overlays beyond the HUD guidelines."

Cost is certainly a consideration during the mating dance, but industry professionals tend to discount it as a prime determinant. The first thing Passarelli studies is the investor's underwriting guidelines to see if its philosophy and approach matches that of Marketplace. Then she talks to existing accounts to see what their real-life experience has been. She looks to see if the staffing seems adequate, because if an organization is understaffed, turnaround time may be too long. Will it provide an easy process for the client? Who is their end-servicing company?

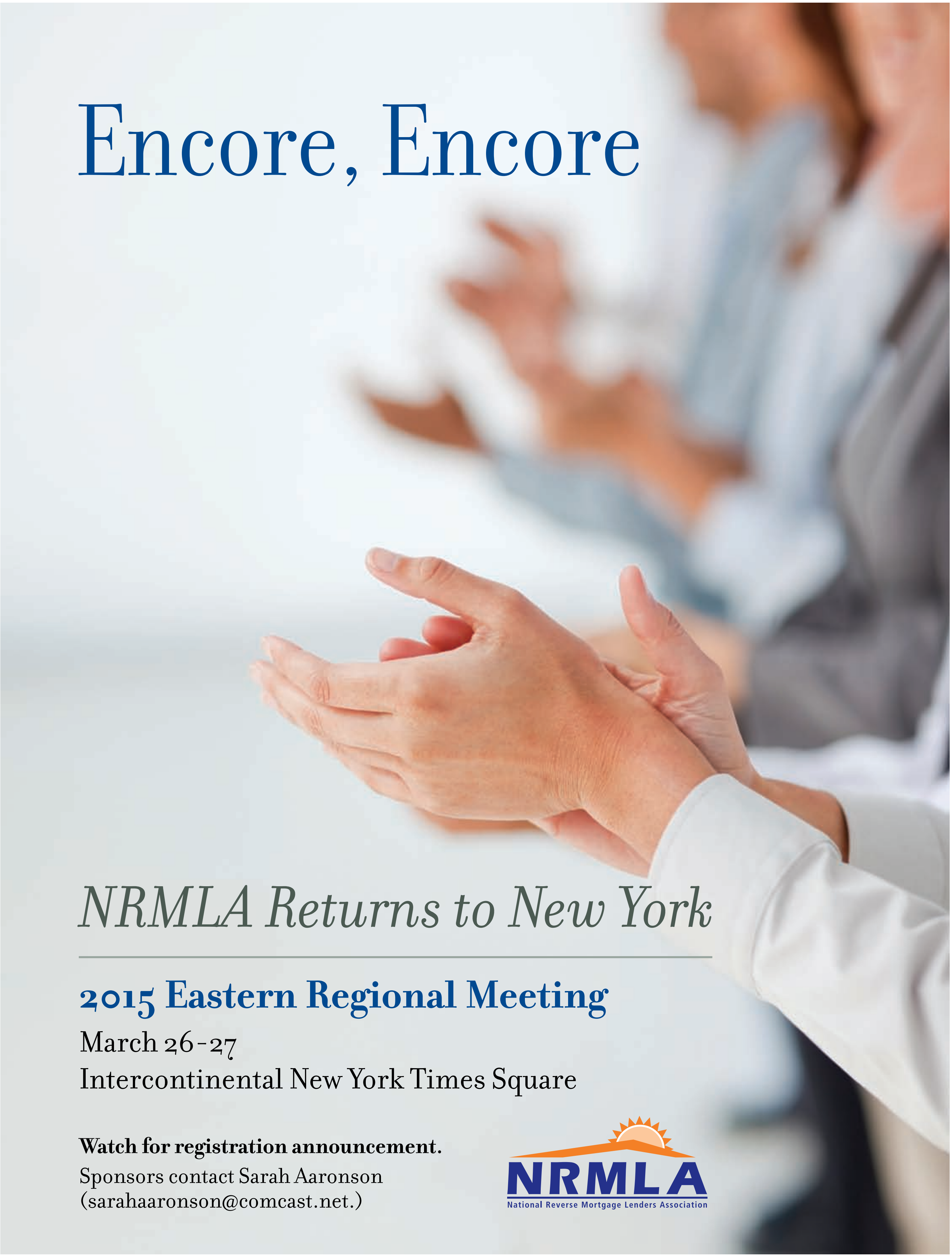
"We fund our own loans so we are the lender of record. Clients often call us five years later, so we want them to have a good experience. Also, we have a very tenacious attorney general here in Minnesota in Lori Swanson. She really looks out for seniors. Because of her, we're very mindful of being compliant, which is a good thing."

And then it comes down to relationships. "Who has the company chosen to be its face?" Passarelli asks. "I know I am going to be at the mercy of that account executive's availability."

Colleen Moore comments, "I appreciate account executives who know their stuff."

Brett Kirkpatrick asserts that the account executive can be "the key to staying together. Are they easy to work with? Do they call back right away? There are degrees of professionalism, and they can help or hurt their company. If I have a personality conflict with an individual, I will ask for another account executive."

Kirkpatrick calls it a "two-way street." Gruley characterizes the relationship he is after as "reciprocal" and "risk sharing" - one in which "both sides are greatly invested, so that they each comply, conform and do what we're supposed to do for both the client and the investor. So that if one of you messes up somewhere along the line, you can put your heads together and figure it out." RM


Encore, Encore
NRMLA Returns to New York
2015 Eastern Regional Meeting
March 26-27
Intercontinental New York Times Square
Watch for registration announcement.
Sponsors contact Sarah Aaronson
(sarahaaronson@comcast.net.)
NRMLA
National Reverse Mortgage Lenders Association

The Power of a Personal Brand

Lessons from Green Eggs & Ham

By Mary Katherine Quasarano

AT THE NRMLA ANNUAL MEETING THIS PAST November, Otto Kumbar, the CEO of Liberty Home Equity Solutions, and spark plug behind the efforts of the Extreme Summit, shared two startling pieces of information gleaned from the Summit's preliminary research. The first and best news is that the reverse mortgage product has 97% consumer awareness. Marketers know that the first step in the sale of any product or service is the creation of consumer awareness and apparently we've got this!

The second and most challenging piece of news is that 80% of these respondents said they would not consider the reverse mortgage product. We've got a lot of work to do. Where do we start? Let's start with a great story.

The Wisdom of Seuss

We live in complicated times and we represent a somewhat complicated product. Life lessons for people of all ages abound within the pages of Dr. Seuss classics. Sometimes simplicity is the best path to travel in the movement to change hearts and minds about our products and services. What can a children's story teach us about the value of cultivating a personal brand and the power of believing in your product and service? Reverse mortgage professionals may learn some wonderful lessons from the classic tale of *Green Eggs and Ham*.

Sam I Am

Reverse mortgage professionals are like the character Sam I Am in this Seuss classic. No one was more passionate about his product (green eggs and ham) than Sam I Am--and no one is more passionate about their product and service offerings than those professionals who invested a great deal of time, money, and human resources to gather in Miami.

There is also an unnamed character in the story who stubbornly and persistently refuses Sam I Am's pleas to try his product *("I will not eat them in a house, I will not eat them with a mouse!")*. This character would appear to represent the 80% of consumers from the Summit research.

Is there power and value in establishing a strong personal brand? You bet there is. It's a bit of genius that Seuss named his intrepid and indomitable salesman 'Sam I Am.' Rejection is not for the feint of heart – and the research tells us that we're being rejected. How is it that Sam I Am persists beyond the first, second or fourteenth rejection? Part of the answer is found in his name. Seuss didn't simply name him "Sam" or "Sam Who Tries" or "Sam Who Might." He is *Sam I Am* and his name implies that he knows who he is.

When you walk and talk confidently in the knowledge of who you are, and what you want to be about, you separate yourself from the vast majority of people in the world who look to others for that information, and like Sam I Am, you become a force to be reckoned with.

Green Eggs and Ham

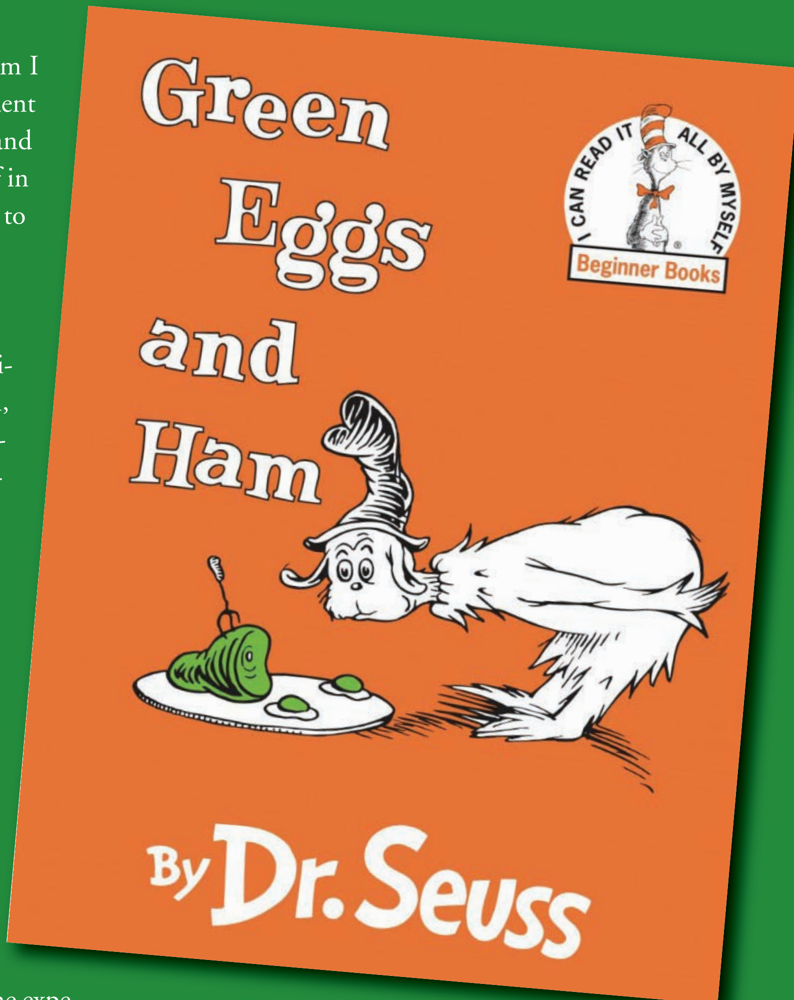
Forward-side mortgages and Home Equity Loans can be likened to traditional eggs and ham. Who hasn't tasted and liked them? They are known offerings that appear as selections on every investment and financial strategy menu in the world. The consumers we encounter on a daily basis have not only tried them, they like them, are comfortable with them, and have chosen them as a staple of their "financial diet" for years.

Reverse mortgages and HECM products, on the other hand, can be likened to green eggs and ham. They look different. They taste different. They are different! As such, they appear to be a risky choice, and these are the days of playing it safe. Sam I Am's friend was given no less than fourteen invitations to try green eggs and ham. Like 97% of our consumers, he was well aware of what was being offered; and like 80% of them, he just wasn't open to investigation. Sam I Am's persistence (and ultimate victory) is a combination of the strength of his personal brand, the knowledge and belief in his product offering, and finding the right prospect.

***Creating Your Own Brand** continued on page 29*

Creating Your Own Brand continued from page 28

HECM products are not for everyone. Like Sam I Am, we need to find qualified people we are confident will benefit greatly from trying our "green eggs and ham" – and we must refuse to give up on our belief in our self, our product and services, and the benefit to these prospects.



Your Story Begins Here

The work of cultivating a personal brand is ultimately about knowing who we are at a deep level, and learning the truth of that story by how we interact with and are perceived by others. The understanding of who we are can be facilitated through the use of time-tested, data based tools (e.g. Myers-Briggs and DiSC) and there are many others. One of the best assessment tools to uncover your key strengths and to learn how to leverage them to create best outcomes is found in the Gallup Strengths Finder test. Fifty years of research has directed Gallup's science of strengths, and over 11 million people have taken the assessment. Internal and external Learning and Development consultants can assist in exploring the best and most relevant assessment options for you or your team.

It's important to understand that personal brand remains aspirational until it is validated by the experience and testimony of others. A 360° Review is the process of asking co-workers, direct reports, superiors and others for a review of their work experience with you. The gaps, if any, between how you perceive yourself and how others perceive you, can offer great insight on the current state and integrity of your personal brand. Jeff Bezos, the founder of Amazon.com said it best: "Personal brand is what people say about you when you leave the room." What would reverse mortgage borrowers say about their experience with you?

"Say…I like Green Eggs and Ham!"

Human nature compels us to gravitate to safety. When the stakes in any decision are perceived to be high, we tend to play it safe, and we'll make choices from among who and what we know. Herein lies the great opportunity for our industry: *When the personal brand knowledge and integrity demonstrated by reverse mortgage professionals is validated by consumer experience, and is inextricably linked with HECM product knowledge and service integrity, the reverse mortgage industry's products and services will be identified as safe financial choices for qualified borrowers.*

As reverse mortgage professionals we continue to ride the great, tumultuous, and ongoing waves of regulatory and product changes. Let's all continue to work for the day when everyone working in the reverse mortgage industry will be as confident in the knowledge of who they are and the value of their products and service offerings as our friend Sam I Am. When that day comes, our "green eggs and ham" product offerings will alter the retirement landscape forever – and for the better. RM

Cutting A Hole in the Wall

Some Counselor/Lender Communicating Would Help Seniors By Tony Lopes

WE ALL KNOW THAT THE REVERSE MORTGAGE landscape changes almost as often as the weather. Though changes are usually conceived with the goal of ensuring long-term HECM viability, some simplify the process, while others only make our lives more difficult. Unfortunately, it's not always easy to predict precisely what effect a particular revision might have – it may only become clear after implementation.

Since November, when I moderated a counseling panel at NRMLA's Annual Meeting in Miami Beach, I've been weighing the pros and cons of a suggestion offered during our session: What if counselors and loan officers were allowed to communicate?

After a brief interlude of fainting and the sharing of smelling salts, most people in the room agreed that the idea would benefit everyone involved; after all, the goal of counseling is to provide seniors with accurate information, enabling them to make an informed decision. But that doesn't always happen, given the restrictions imposed by the current process.

For example, every experienced counselor I know has heard a senior report their home's value or mortgage balance in amounts that are significantly different from what appeared on their lender's paperwork. This kind of inconsistency could be cleared up with a simple phone call – an obvious benefit.

In cases where there is some sort of legal issue with the home, whether the house is in a trust or there is some other mitigating factor, seniors often have trouble accurately relating the situation to the counselor. This can result in the agency failing to counsel everyone required to participate, and, in turn, having to provide additional counseling ses-

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Counseling *continued from page 30*

sions to other family members or persons named on the deed. This not only delays the loan process, in many cases it represents an additional cost for the senior. Certificate corrections happen on a fairly regular basis, and they aren't the end of the world, but they create additional work for all parties involved and occasionally undermine the counselor/senior relationship. These issues could also be addressed fairly easily with a quick phone call or e-mail, allowing for a more thorough counseling session – another obvious benefit.

When tweaked or innovative loan products emerge, as they did over the last twelve months, it would be incredibly helpful if the counselor weren't seeing a new variation for the first time during an actual counseling session. Communication about new wrinkles in the HECM product, whether by webinar, phone, or other means, would prevent the delays that invariably occur when a counselor has to stop and confirm his or her understanding of new text.

The restriction on counselor/lender communication was established for a reason: Consumers need independent education rather than a sales pitch to make a decision about spending what is often their last and largest source of cash. Collusion would be an abuse and destroy the integrity of this industry. Now that the public is slowly beginning to better understand and accept the HECM product, there is no reason to place it in jeopardy.

The difficulty, then, is laying out some clear parameters that would allow for limited, valuable communication. We don't need to knock down the wall; we just need to cut a hole in it.

Contact between counselor and lender would need to be restricted to a well-defined set of criteria, that, for example, address those scenarios described above. Perhaps the communication should be initiated by the counselor only. (This would prevent lenders from calling repeatedly to inquire about their client's scheduled session, etc.) I'm sure there are many more variables that would become apparent if a working group convened to brainstorm on this issue.

It might be useful to try a test period, in which counselors and possibly NRMLA's CRMPs are allowed to communicate with each other, under strict supervision and with copious documentation, to determine whether the benefits are as easily realized as we hope.

I find that many seniors we counsel are surprised – and later, frustrated – to learn that counselors and lenders can't talk to each other. I believe that if we remain focused on safeguarding the senior's choice of a counselor and the independence of the process, we can still change this, think through the proper communication process and make the experience more efficient and more informative for seniors. Isn't that our goal? RM

The difficulty, then, is laying out some clear parameters that would allow for limited, valuable communication. We don't need to knock down the wall; we just need to cut a hole in it.

CRMP:
Across the
Kitchen Table

Closing Cost Comparison

Forward vs. Reverse By Beth Paterson

IT SEEMS LIKE EVERY ARTICLE, report or maven you talk with states the reverse mortgage closing costs are high. But compared to what? Have you looked at closing costs on a conventional home mortgage?

As with a conventional home mortgage (called a "forward" by HUD), the closing costs for reverse mortgages may vary depending on the home value and the complexity of the loan. Let's compare the costs side-by-side for a Home Equity Conversion Mortgage, or HECM, and a conventional/forward mortgage.

The third party and recording fees are standard for any loan. Keep in mind that there has to be a cost involved because everyone in the transaction needs to be paid for their services. If the costs on a mortgage aren't paid up-front then they'll be paid over time with a higher interest. Look at an estimated comparison based on a Minnesota home valued at $200,000 (based on loan amount at 80% for the forward loans):

Third Party Fees	Reverse FHA	Forward	Forward FHA
Appraisal	$500	$450	$500
Credit Report	$25	$25*	$25
Flood Certification	$10	$10*	$10
Courier Fee*	$35	$35*	$35
Escrow, Settlement, or Closing	$275	$275	$275
Abstract or Title Search	$110	$110	$110
Title Exam	$110	$110	$110
Document Preparation	$125	$125*	$125
Title Insurance	$475	$392	$392
Endorsements	$50	$50*	$50
Recording Fees	$92	$46*	$92
County/Mortgage Registration Tax	$295	$384	$384
Plat Drawing	$60	$60	$60
Name Search	$35	$35	$35
Special Assessment Search	$35	$35	$35
Counseling Fee	$125	N/A	N/A
TOTAL THIRD PARTY FEES	**$2,357**	**$2,142**	**$2,238**

** These fees are included in the Qualified Mortgage (QM) Rule; included in as part of the "Closing Costs" under Lender Fees.*

Now let's compare the Lender Fees:

FHA's Mortgage Insurance Premium (MIP) is paid directly to FHA. The FHA reverse mortgage includes a .5% or a 2.5% initial mortgage insurance premium, determined by the funds being drawn in the first twelve months. The advantages with FHA insuring the reverse mortgage include:

- Guaranteeing the funds are available for you during the term of the loan.
- Guaranteeing the lender against default or shortfalls, which means the interest rates are lower compared to other mortgages.
- Providing a line of credit growth rate (available only with reverse mortgages).
- Ensuring as, a reverse mortgage, it is a non-recourse (no personal liability) loan.

The origination fee is what the originating lender receives to cover the loan officer's compensation, overhead to run the business, i.e.

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Closing Cost continued from page 32

staff salaries, administration costs, computers, electricity, office supplies, marketing expense, gas mileage, health insurance of employees, etc. The origination fee also includes the processing and underwriting costs, which are generally separate and charged to the borrower on forward loans. HUD regulates the reverse mortgage origination fee to be 2% of the 1st $200,000; 1% thereafter with a cap of $6,000, with a minimum of $2,500.

In some situations the lender will offer no or a reduced origination fee, however the interest rate will be higher than if one pays the origination fee.

The reverse mortgage fees are based on the full home value because over time borrowers can access more than the home value at the time of origination. One is essentially borrowing the interest and mortgage insurance premium each month because they are not making a payment. And as one draws from their line of credit or through monthly payments the loan balance will increase, making the loan amount higher.

An estimate based on a $200,000 home value (based on loan amount at 80% for the forward loans):

Lender Fees	Reverse FHA	Forward	Forward FHA
Origination/Points	$4,000	$4,800*	$1,600
MIP	$1,000**	$0***	$2,800
Administration Fees	$0	$900*	$900
SUBTOTAL LENDER FEES	**$5,000**	**$4,800**	**$5,300**
Prepaid Interest****	N/A	$375	$375
TOTAL LENDER FEES	**$5,000**	**$5,175**	**$5,675**

**QM Rule closing costs cannot exceed 3% of the loan amount. Number of points are directly related to interest rate charged; the more points paid, the lower the interest rate; the lower points paid, the higher interest rate.*
*** Based on .5% – taking 60% or less within the 1st 12 months.*
**** Conventional loans may have a Private Mortgage Insurance fee.*
***** Forward loans have up-front prepaid interest due for remaining days in the month of closing; this is an example amount. Funds will also be needed up-front to set up escrow.*

Total Loan Fees	Reverse FHA	Forward	Forward FHA
	$7,357	**$7,026**	**$7,913**

NOTE THE DIFFERENCE IS BASICALLY THE FHA MORTGAGE PREMIUM! And look at the advantages the insurance provides.

The fees associated with the reverse mortgage are fully financed as part of the loan, with no out of pocket expenses other than the FHA appraisal. (As of 2010 Appraisal Management Companies must be used to order and process the appraisal. This fee is required to be paid for the borrower up front or "out of pocket.") All of the fees for reverse mortgages and forward mortgages must be disclosed on the Good Faith Estimate (GFE).

When considering whether to do a forward mortgage or a reverse mortgage you must consider if you can even qualify for a forward mortgage; then if you can make the payments over time. For example, if "life happens," could you continue making those payments or would you be facing foreclosure?

You also need to consider that if you do a forward mortgage now (if you even qualify), you'll be paying the closing costs on that loan and then when you need more funds in the future and you refinance you'll be paying the closing costs again.

Whereas with the reverse mortgage you pay the closing costs up-front and then, without paying closing costs again, you have access to more funds through your life as long as you are living in the home as your primary residence. The additional funds would be either through monthly payments or a line of credit, if that is the type of loan you have chosen.

Consider the benefits of the reverse mortgage, which include:

- No monthly mortgage payments required, therefore increasing your cash flow.
- With no monthly mortgage payments required, the risk of default due to not being able to make monthly mortgage payments, is reduced. (Borrowers are still required to pay property taxes, keep hazard insurance and maintain the property and pay home owners association dues if applicable.)
- A line of credit option that has a growth rate, making more funds available to you in the future. No other mortgage offers this. Or you can use the funds to receive monthly payments either as tenure (life of the loan) or an amount set by you.
- Non-recourse, no personal liability to you or your heirs. RM

Who's Who in Reverse Mortgages

Member News

ReverseVision Offers Loan Officer Sales Accelerator Tool

ReverseVision, Inc. launched the latest product to its suite, RV Sales Accelerator (RVSA) designed to assist Reverse Mortgage professionals.

RVSA is an affordable sales process management tool designed exclusively for Reverse Mortgage companies and professionals. With RVSA, a loan officer can capture information about his or her leads and prospects, track the effectiveness of referral sources, leverage reports and calculators to help explain the reverse mortgage products to target borrowers, and convert those leads into loans with the click of a button. Plus, RVSA is web-based so users will be free to access sales pipelines on the go from a laptop, tablet or iPad.

RMF Names Noble as Chief Marketing Officer

Reverse Mortgage Funding LLC (RMF) hired leading marketing strategist Jean Noble as its Chief Marketing Officer. In this role, Noble will report to RMF President David Peskin and will develop and lead all national marketing efforts.

Noble previously served on NRMLA's Board of Directors and for nearly 20 years has been a proven marketing leader in the mortgage and financial services industries. Prior to joining RMF, she served as Director of Marketing and Call Center Sales at Urban Financial of America, LLC. Before that she served as President of J. Noble Consulting and worked with notable companies such as MetLife Bank. Prior to that Noble served as Executive Vice President at Senior Lending Network and for AllianceBernstein and New York Life Insurance Company.

Celink Hires Compliance and IT Experts

National reverse mortgage subservicer Celink announced it is growing its compliance and information technology teams. Debra Taylor will serve as a Compliance Officer and oversee Celink's state licensing, manage the internal quality control process, and be responsible for overall compliance with servicing regulations. She comes to Celink with extensive operational management efficiencies, compliance expertise, and project management experience at Bank of America and most recently, Nationstar.

Becky Cotter will serve in the Information Technology Department as Project Manager and will assist the continued development of Celink's reverse mortgage servicing platform, ReverseServ™. Becky was most recently with Generation Mortgage.

Scheiern Promoted to National Sales Manager

1st Reverse Mortgage USA, a division of Cherry Creek Mortgage Company, Inc., promoted Steve Scheiern to the position of National Retail Sales Manager to drive the organization's retail sales growth.

Prior to this promotion, Scheiern served as Western Regional Sales Manager. In his new role, Scheiern will be responsible for growing 1st Reverse Mortgage USA's national retail sales team through the recruitment of reverse mortgage and forward loan originators.

Profiles of NRMLA Member Companies

American Advisors Group (AAG)

American Advisors Group (AAG) is the nation's leader in reverse mortgage lending, licensed to operate in 48 states. The company, founded in 2004 by CEO Reza Jahangiri, is headquartered in Orange, CA. We are dedicated to helping American seniors leverage their home equity as an asset to help fund retirement.

AAG holds an A+ rating by the Better Business Bureau, has a 96% customer satisfaction rating and is a member of the National Reverse Mortgage Lenders Association (NRMLA). Jahangiri serves as the association's vice chairman and co-chairs NRMLA's policy committee.

To learn more about American Advisors Group, please visit aag.com.

Celink

Celink's Reverse Mortgage Servicing Mission is threefold.

We Lead — Ethics, integrity, and unwavering core values direct all of our actions.

We Support — We support our clients through new and often uncharted territory.

We Innovate — We explore and uncover new and cost-effective ways to increase our value to our clients and their borrowers.

We meet every industry challenge and every client and borrower need with the confidence that comes from knowing who we are and what we're about. Your reputation and your borrower's are safe with Celink. Visit celink.com for a full Corporate Overview.

Ryan LaRose, President &COO:
ryan@celink.com • (517) 321-5491

Liberty Home Equity Solutions

For nearly a decade, Liberty Home Equity Solutions, Inc. (formerly known as Genworth Financial HomeEquity Access, Inc.) has been committed to helping seniors gain financial independence and security through Home Equity Conversion Mortgages (HECMs).

Based in Sacramento, California, Liberty is one of the nation's largest and most experienced lenders, focusing exclusively on providing HECM loans to senior clients and wholesale business partners. We have helped change the lives of over 25,000 clients since 2003 while providing education and lending solutions to over 1,000 business partners across the U.S.

www.libertyhomeequity.com
For career opportunities call (916) 384-1853
For wholesale opportunities call (866) 871-1353

LRES

LRES is a national provider of property valuation and REO asset management services for the real estate, capital market and finance industries. At LRES, we specialize in helping our clients effectively manage compliance and financial risks associated with valuation matters. We are the preeminent valuations provider for the Reverse Mortgage industry and deliver peerless service as we strive to be your business partner of choice. LRES has experienced significant growth, regardless of market conditions, thanks to an experienced staff, advanced technology, solid business planning, efficient operations, and the support of every client we serve.

Brittany Hurd, 714-872-5872,
bhurd@lres.com • www.lres.com

Reverse Mortgage Solutions

When your experience was built on servicing reverse mortgages, you have a unique lending perspective: the quality of the loans originated. This translates into RMS becoming an industry leader in reverse mortgage lending and loan servicing. We are the largest privately held mortgage servicer in the US and a full service independent mortgage banking company. Our well-seasoned staff will provide you exceptional level of services with market leading pricing. To accelerate your growth, go here: www.RMPath.com

Contact: RMS Wholesale Team • Phone: 888-348-5910
E-mail: Pat.Kubert@rmsnav.com

Reverse Vision

ReverseVision, Inc. provides the leading software and technology for the reverse lending industry by offering products and services focused exclusively on reverse mortgages. More reverse mortgages are originated monthly using ReverseVision's SaaS solution, RV Exchange (RVX), than all other systems combined. ReverseVision has partnered with some of the finest and fastest growing lending organizations in the US to provide solutions to brokers, principal agents, correspondents, lenders and investors. ReverseVision is recognized as a driving innovator in the reverse mortgage industry and continues to improve their suite of products with frequent and new innovations, improved integrated services, online credited training and more. ReverseVision is headquartered in San Diego, CA, and boasts a team of reverse mortgage experts, engineers, business specialists and entrepreneurs with a combined experience of over 60 years.

www.reversevision.com • 919-834-0070
connect@reversevisioncom

Reverse Mortgage Funding LLC (RMF)

Reverse Mortgage Funding LLC (RMF) is an independent, reverse-only company. We don't have competing corporate priorities or distracting lines of business. Everything we do is focused on making reverse mortgages better, in a proactive and nimble way that benefits everyone. Known for product innovation, exceptional service and unparalleled secondary market expertise, RMF delivers a wide array of products and superior pricing. Whether you are new to reverse or a seasoned originator, RMF has a variety of platforms that help our partners succeed. Partner with us today, and together we'll create opportunities for a brighter future.

For wholesale opportunities:
Call (877) 820.5314 or visit partners.reversefunding.com
For career opportunities: Email careers@reversefunding.com

Urban Financial of America (UFA)

Urban Financial of America, LLC (UFA) is a retail and wholesale lender specializing in reverse mortgages, and ranks among the top originators in the United States. UFA is licensed in most states and Puerto Rico. Our company acts as a direct originator and purchaser of whole loans through our third-party originator channel, and is one of the largest issuers of GNMA securities.

Our core values guide our business practices; client focus, integrity, teamwork, respect for each individual, innovation and responsible citizenship. Every day, we are setting the industry standard for client experience, company culture, and financial performance through responsible lending.

Retail: www.ufareverse.com
Wholesale: www.ufawholesale.com

Career Opportunities:
(888) 622-2073 or recruiting@ufareverse.com

Wholesale Division: Jonathan Scarpati, VP
jscarpati@ufareverse.com or 516-445-9465

Sherry Apanay, Chief Sales Officer
sapanay@ufareverse.com or (855)-77-URBAN

Extreme Summit Results

The following Numbers come from the post-campaign surveys in test markets Philadelphia, Denver and Seattle. Between September 12 and October 16, a total of 421 people over 62 and with title to their current home were interviewed for 15 minutes each via telephone.

99%

people surveyed knew about reverse mortgages

50%

respondents went through college and some through graduate school

75%

said their finances were good to excellent

50%

read the newspaper every day

60%

learned about reverse mortgage from television advertising

80%

were not interested in exploring getting a reverse mortgage

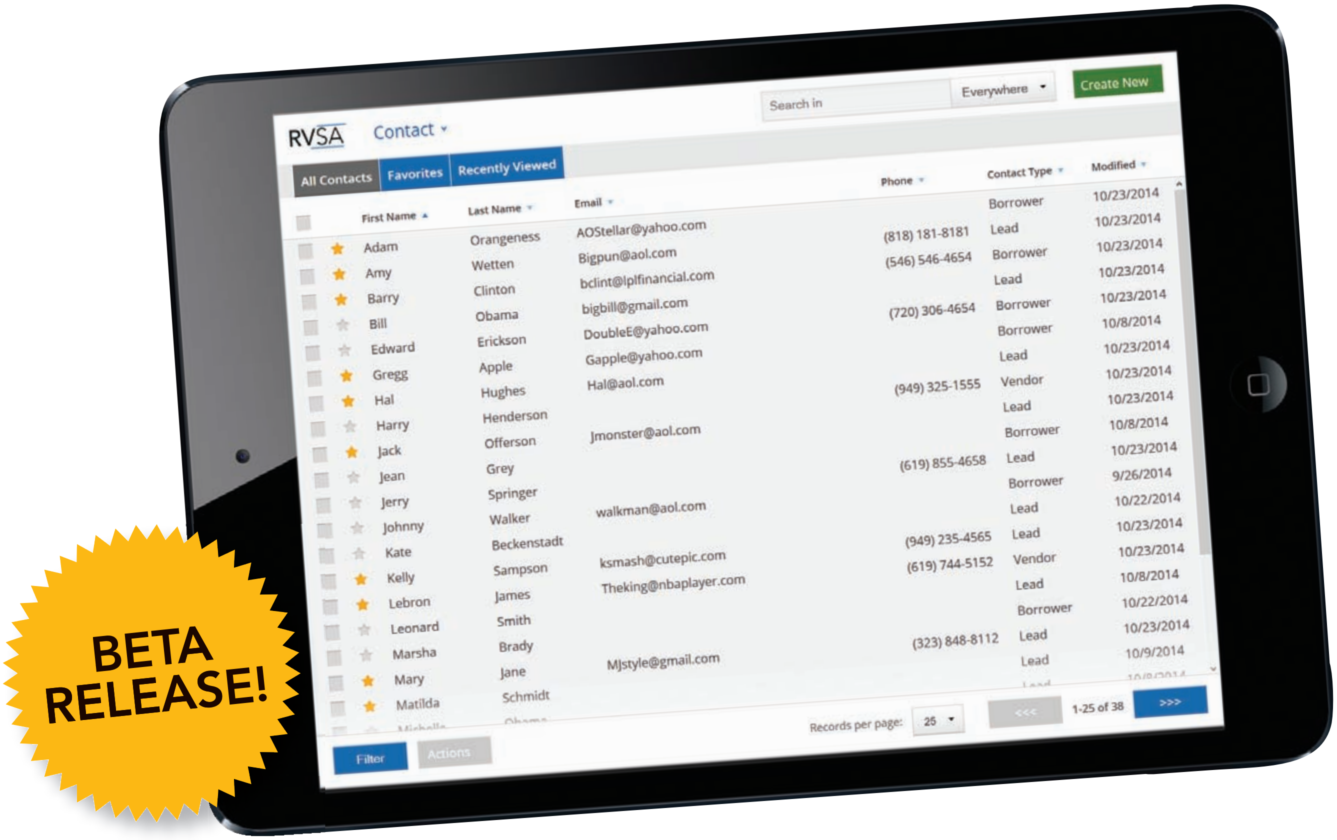
21%

more people with mortgages would consider reverse mortgage than those without current mortgages

20%

of people with mortgages think a reverse mortgage is a good financial planning tool

Lending Technology On the Go.



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