

## FHA Commissioner Comments on Increase in HECM Activity And Other Industry News At NRMLA's Annual Conference

**A** record crowd of nearly 350 people attended NRMLA's 2003 Annual Conference in Chicago on September 21-23 to discuss business and regulatory trends and network with industry peers.

Key to the success were the speakers who discussed engaging topics ranging from the aging process and its impact on senior decision-making, to hiring and training reverse mortgage originators, to marketing to seniors of diverse backgrounds.

Keynote speaker Dr. John Weicher, Federal Housing Commissioner and Assistant Secretary for Housing at the U.S. Department of Housing and Urban Development (HUD), talked about the strong growth of the reverse mortgage industry, about how reverse mortgages enhance the lives of senior homeowners, and about plans for future rulemaking.

FHA COMMISSIONER, *continued on page 6*

## NRMLA Develops New 'Aging In Place' Consumer Booklet

**A**s part of our ongoing consumer awareness campaign, NRMLA has developed a new booklet and Web site to educate older homeowners and their families on practical steps they can take to modify their living environments to accommodate lifestyle changes and increase comfort.

Titled the *NRMLA Guide to Aging In Place*, the booklet contains information on design ideas that homeowners can use to modify their home environments to make them safe and comfortable as they age, useful products and how to find them, and professionals who can help plan and implement home modifications.

The booklet features several real life case studies of people who have successfully modified their homes to accommodate their changing needs and discusses reverse mortgages

NEW BOOKLET, *continued on page 7*

### INSIDE THIS ISSUE

<i>President's Message</i> .....	2
<i>Industry News</i> .....	2
<i>NRMLA Convenes DC Summit</i> ...	3
<i>Mrs. Rosa Boyd Profile</i> .....	3
<i>HHS Awards Grants To States To Create Aging and Disability Resource Centers</i> .....	4
<i>NCOA Exploring Use of Reverse Mortgages for Long-Term Care</i> ...	4
<i>NRMLA Board Meets With Colorado Senator</i> .....	5

## Interest in Reverse Mortgages Growing on Capital Hill



Peter Bell

**W**hen a stock is discovered by analysts and investors, and trading in it begins to grow, some would say it's "in play." In lobbying, when a topic starts being discussed among policy makers, when legislative staffers start being asked questions about an issue by

their bosses, when a member of Congress appears willing to introduce a bill on an issue, I guess you can say the topic is "in play."

When Congress reconvenes in January, reverse mortgages will be "in play." Specifically what I mean, is that over the past two years, we have raised cognizance of reverse mortgages among legislators and, as a result, several are interested in further exploring reverse mortgage issues.

Some of the interest is directly the result of our efforts to promote the concept of a single national loan limit. Some of it comes from policymakers interested in encouraging seniors to utilize their home equity to meet medical expenses rather than rely upon Medicaid. Other concerns come from fiscal conservatives who question whether programs, such as the HECM truly serve their intended beneficiaries – without putting taxpayers at risk. I have heard some question whether safeguards exist to make sure that recipients of reverse mortgage proceeds actually occupy their homes – that the funds are not flowing to a child or someone else after Mom has actually moved out of the house.

PRESIDENT'S MESSAGE, *continued on page 11*

*A reverse mortgage is a unique loan that enables senior homeowners (62+) to convert part of the equity in their homes into tax-free income without having to sell the home, give up title, or take on a new monthly mortgage payment.*

## Industry News

### FY 2003: HECM PRODUCTION SOARS 39 PERCENT

It's official. Lenders originated a record 18,097 FHA Home Equity Conversion Mortgages (HECMs) during the most recent federal fiscal year, ending September 30, a 39 percent increase over the 13,048 loans closed the previous year.

According to statistics from the U.S. Department of Housing and Urban Development (HUD), which oversees the HECM program, the top reverse mortgage market in the country this year was Los Angeles, CA where 996 loans closed. That's up from 716 loans closed in the Los Angeles area the year before.

Other hot markets included: New York, NY (904 in FY03; 688 in FY02); Denver, CO (866 in FY03; 703 in FY02); Santa Ana, CA (821 in FY03; 388 in FY02); Detroit, MI (668 in FY03; 527 in FY02); San Francisco, CA (656 in FY03; 504 in FY02); Chicago, IL (586 in FY03; 438 in FY02); Coral Gables, FL (502 in FY03; 278 in FY02); Seattle, WA (465 in FY03; 425 in FY02);

INDUSTRY NEWS, *continued on page 8*

The **National Reverse Mortgage Lenders Association** is a national trade association that provides education, advocacy, and referral services to firms that are involved in the reverse mortgage industry.

Co-Chairs

**Jim Mahoney**

FINANCIAL FREEDOM SENIOR FUNDING CORP.  
IRVINE, CA

**Sarah Hulbert**

SEATTLE MORTGAGE COMPANY  
SEATTLE, WA

President

**Peter Bell**

DWORBELL, INC., WASHINGTON, DC

Director of Communications

**Glenn Petherick**

Reverse Mortgage Advisor

Editor:

**Darryl Hicks**

Office

1625 Massachusetts Avenue, NW, Suite 601

Washington, DC 20036-2244

Tel: 202-939-1760, Fax: 202-265-4435

Web site: <http://www.reversemortgage.org>

*Reverse Mortgage Advisor* is published quarterly as an information service for NRMLA members. The subscription price is included in membership dues.

## NRMLA BOARD OF DIRECTORS

**Jim Mahoney**

CO-CHAIR

Financial Freedom Senior Funding Corp.  
Irvine, CA

**Sarah Hulbert**

CO-CHAIR

Seattle Mortgage Company  
Seattle, WA

**Dennis Pigg, Sr.**

SENIOR VICE-CHAIR

Safeway Mortgage, Inc.  
Smyrna, GA

**Robert Wyatt**

TREASURER

First National Bank of Florida  
Sarasota, FL

**Mary Ressetar**

SECRETARY

Wells Fargo Home Mortgage  
Park Ridge, IL

----

**Megen Akers**

Bay Docs

Novato, CA

**William Agner**

Honeowners Mortgage Service, Inc.  
Carmel, IN

**Nicholas Buscaglia**

M & T Mortgage Corporation  
Buffalo, NY

**Steve Bradshaw**

Standard Mortgage Corporation  
New Orleans, LA

**David Carey**

Fannie Mae  
Washington, DC

**Lloyd Daniel**

California Reverse Mortgage Co.  
Sacramento, CA

**Paul Franklin**

Franklin Funding, Inc.  
Charleston, SC

**Edward Kitchen**

Senior's Equity Income, Inc.  
Granger, IN

**Patrick J. McEnerney**

First Alliance Bank  
Jacksonville, FL

**Dan Ryan**

Farwest Mortgage Bankers, Inc.  
Placentia, CA

**Robert Sivori**

BNY Mortgage  
West Paterson, NJ

FOUNDING CHAIRMAN

**Jeffrey S. Taylor**

Wells Fargo Home Mortgage, Inc.  
Greensboro, NC

EX-OFFICIO

**Peter H. Bell**

PRESIDENT

Dworbell, Inc.  
Washington, DC

## NRMLA Convenes DC Summit To Promote Aging In Place Awareness

As part of the build-up to National Aging in Place Week, NRMLA convened the first-ever Aging In Place Summit in Washington, DC on 10/29 to share information and discuss new ideas for promoting strategies to help seniors remain comfortably and safely in their homes throughout retirement.

Participants included senior advocates, in-home care providers, occupational therapists, home remodelers and architects, caregivers, physical therapists and reverse mortgage lenders.

Working in partnership with the National Advisory Council on Aging in Place, an entity organized by NRMLA, our association is leading the charge to make Aging In Place a national issue. NRMLA sponsored, organized and hosted the summit, which attracted more than 50 organizations.

Acting as host for the day, NRMLA President Peter Bell opened the summit with around-the-room introductions, so that everyone present

DC SUMMIT, continued on page 10

## BORROWER PROFILE

### Mrs. Rosa Boyd

NEW ORLEANS, LA

Rosa Boyd, 84, is much happier now that she has paid off her two mortgages and automobile loan with a reverse mortgage. For the past 24 years, Ms. Boyd has worked as a housekeeper. Her employer obtained information on reverse mortgages because she wanted to help Rosa erase her debts and get some supplemental income.

"I didn't know anything about reverse mortgages, but she did," said Ms. Boyd. "When she suggested that I get a reverse mortgage, I trusted her completely. We set up an appointment and I got the loan."

Ms. Boyd was referred to Standard Mortgage Corporation, based locally in New Orleans. The home that Ms. Boyd has lived in since 1952 was appraised for \$68,000, qualifying her for a \$54,500 FHA Home Equity Conversion Mortgage. The loan closed in May 2003.

Ms. Boyd used the proceeds to pay off two mortgages totaling \$10,855 and \$15,000 on her car. Her home also had extensive termite damage, so part of the proceeds was set aside to make the necessary repairs.

There was enough money left for a \$3,500 line of credit, plus an extra \$100 a month in supplemental income for the next 10 years.

Looking back on her experience, Ms. Boyd said she's happy now that her debts are paid off. "I'm glad I don't have to make anymore monthly mortgage payments," she said. **RMA**

## HHS Awards Grants To States To Create Aging and Disability Resource Centers

The Department of Health and Human Services has awarded grants to 12 states totaling \$9.3 million to support the development of aging and disability resource centers that seniors can contact to learn about local long-term care support programs ranging from in-home care services to nursing facilities.

HHS is touting the new resource centers as “one-stop” shopping centers for seniors and people with disabilities who need long-term care information.

States are encouraged to form public-private partnerships with local businesses and other stakeholders to plan and implement resource center programs.

HHS plans to fund up to 16 projects nationwide for a period of up to three years. “This is a three-year demonstration program,” said John Wren, who’s overseeing development of the aging and disability resource center program, “so over that time frame states will be developing and implementing their programs.”

Phyllis Madachy, Director of the Howard County Office on Aging, based in Columbia, MD, said the resource centers may offer lenders a new venue to advocate reverse mortgages as a possible solution for seniors to pay for healthcare and other needs.

“The centers could be used as a platform to promote reverse mortgages,” Madachy noted at NRMLA’s inaugural Aging In Place Summit in Washington, DC on October 29. *(See page 3.)*

Wren concurs. “We’re working very closely with the National Council on Aging on a special project to explore ways to increase the use of reverse mortgages to help pay for long-term care,” he said. HHS, added Wren, is encouraging states that are developing resource center programs to provide information on reverse mortgages as a possible solution for seniors to pay for long-term care.

The 12 states that were awarded grants include: Louisiana, Maine, Maryland, Massachusetts, Minnesota, Montana, New Hampshire, New Jersey, Pennsylvania, Rhode Island, South Carolina, and West Virginia. Additional grants may be funded in fiscal year 2004, subject to availability of funds.

“These new centers will serve as visible and trusted places where people can turn for information on the

RESOURCE CENTERS, *continued on page 6*

## NCOA Exploring Use of Reverse Mortgages for Long-Term Care

The National Council on the Aging, with financial support from the Centers for Medicare and Medicaid Services (CMS) and the Robert Wood Johnson Foundation, is laying the groundwork for a powerful public-private partnership to increase the use of reverse mortgages to help pay for long-term care.

The ultimate goal of the Use Your Home to Stay at Home™ program is to increase the appropriate use of reverse mortgages, so that millions of homeowners can tap home equity to pay for long-term care services or insurance.

“Because older Americans have almost \$1.8 trillion tied up in home equity, reverse mortgages have the potential to dramatically increase the ability of older homeowners to pay for long-term care,” said NCOA President and CEO James P. Firman. He also noted that over 80 percent of the nation’s seniors own their own homes and 73 percent are owned free and clear of any mortgages.

NRMLA, and several of our members, are acting as advisors to assist NCOA in developing a new national policy that encourages seniors to use reverse mortgages to pay for long-term care.

“Reverse mortgages can give millions of older Americans choices about how they want to receive long-term care,” said CMS Administrator Tom Scully. “Tapping their home’s equity gives them the purchasing power they need to buy comprehensive long-term care insurance that will provide services they need to stay in their homes and out of nursing facilities.”

The project will combine research, consumer surveys, and discussions with experts to identify cost-effective government interventions and other incentives that can facilitate the use of reverse mortgages. A panel of experts from government, industry and non-profit organizations met in October at NCOA offices and began discussing the broad range of possibilities and how to balance the needs of consumers with the desire of government to control the costs of long-term care.

The outcome of the project will be a National

NCOA, *continued on page 5*

## NRMLA Board Meets with Colorado Senator to Discuss Reverse Mortgage Issues

Several members of NRMLA's Board of Directors recently had a dinner with Colorado Senator Wayne Allard, chairman of the Housing and Transportation Subcommittee, to discuss our legislative priorities, including the adoption of a single national loan limit for the FHA Home Equity Conversion Mortgage (HECM) program.

Sen. Allard, who was reelected to a second six-year term in 2002, is quickly becoming one of the Senate's most influential members. His support will be critical for NRMLA to get a single national loan limit bill passed next year.

Throughout the dinner, which took place on October 28, NRMLA President Peter Bell and other Board members, provided details on how the reverse mortgage program works and why a single loan limit is needed.

Senator Allard listened intently and expressed a desire to learn more about the issue over the coming weeks, which Bell promised to do in a follow-up meeting. To learn more about Sen. Allard, please visit his web site at <http://allard.senate.gov>.

In addition to chairing the Housing Subcommittee, which is part of the Senate Banking Committee, Allard is currently a member of the Senate Armed Services Committee and the powerful Budget Committee.

Sen. Allard has expressed a desire to succeed current Budget Committee Chairman Don Nickles

---

NCOA, continued from page 4

Blueprint for Increasing the Use of Reverse Mortgages for Long-Term Care report, which will offer new insights into the potential market for reverse mortgages along with recommendations for administrative action, regulatory changes, and demonstration programs.

Barbara Stucki, Ph.D., a long-term care consultant and formerly a senior policy analyst for the American Council of Life Insurers, is the Use Your Home to Stay at Home™ project manager. For more information, please visit [www.ncoa.org](http://www.ncoa.org). **RMA**

(R-OK), who will be retiring next year. Although the Budget Committee doesn't oversee housing policy, the financial stability of the Medicare and Medicaid programs is one issue of concern to Budget Committee members.

Since reverse mortgages are often used by seniors to pay for healthcare expenses, including prescription drugs, NRMLA could further justify our case for having a single national loan limit for HECMs since borrowers would be able to

access greater amounts of home equity to cover long-term care needs, thus reducing Medicare/Medicaid expenditures.

In addition to Sen. Allard, NRMLA has met with Rep. Bob Ney (R-OH), chairman of the Housing Subcommittee in the House of Representatives, and other members of the Financial Services Committee.

Over the next several months, NRMLA will organize a grass roots campaign to mobilize the Association's members to educate members of Congress about the critical role reverse mortgages play in helping seniors enhance their lives.

While NRMLA represents the views of the reverse mortgage industry before Congress and the federal government, lawmakers are usually most impressed by contact and arguments from their constituents – you. They also respond better on an issue if they can associate it with a name and face from “back home.”

This is why it's critical for you to get involved in educating your Senators and Representative about reverse mortgages.

NRMLA is planning to organize a legislative conference in Washington, DC, during the first quarter of 2004, so that our members can meet with their Congressman and Senators. Additional details about the conference will be forthcoming. **RMA**

SEN. ALLARD, WHO WAS REELECTED TO A SECOND SIX-YEAR TERM IN 2002, IS QUICKLY BECOMING ONE OF THE SENATE'S MOST INFLUENTIAL MEMBERS. HIS SUPPORT WILL BE CRITICAL FOR NRMLA TO GET A SINGLE NATIONAL LOAN LIMIT BILL PASSED NEXT YEAR.

full range of long-term support options, as well as assistance in accessing those options,” HHS Secretary Tommy Thompson said in a prepared statement. “The centers will offer consumers reliable information to help them make appropriate choices for themselves and their families.”

The Aging and Disability Resource Center Grant Program is part of President Bush’s New Freedom Initiative, which seeks to overcome barriers to community living for people with disabilities of all ages. The program is a joint effort involving the Administration on Aging (AoA) and Centers for Medicare & Medicaid Services (CMS), both of which are part of HHS.

The types of information that the Aging and Disability Resource Centers must provide, include access to public programs, including Medicaid nursing facility care and waiver services; coordination with other programs (e.g., disease prevention; nutrition, transportation, housing), and prospective planning to help people to plan ahead for their long term service and supports needs.

Any state may apply for a resource center grant. Applications must have the support and active involvement of the State Agency on Aging and the state Medicaid agency.

To learn more about the program, go online to [http://www.aoa.gov/prof/aging\\_dis/aging\\_dis.asp](http://www.aoa.gov/prof/aging_dis/aging_dis.asp). To contact a state Resource Center directly go to <http://www.cms.hhs.gov/newfreedom/adrgants03.pdf>. **RMA**

Weicher, now in his third stint at HUD, said the FHA Home Equity Conversion Mortgage program has grown a “heck of a lot” since he last left the Department in 1993. Weicher said the program has expanded at an “exceptional rate” the past two federal fiscal years, from 13,000 HECMs endorsed in FY 2002, to more 16,000 loans for the first 11 months of FY 2003, extending through August. [Note: FHA endorsed a record 18,097 HECMs for all of FY 2003, ending September 30, 2003.]

Weicher reported that HUD has insured 79,000 HECM loans since the beginning of the program in 1989. “Well over a third of our total portfolio has been endorsed in just the past two years.”

In other comments, during his presentation and in response to questions afterwards, Weicher said that:

- HUD expects to issue a “streamlined refinance” final rule “later this fall” that would authorize a reduction in upfront costs for seniors who refinance an existing HECM within a certain period, and to establish additional consumer protections. Weicher said two other proposed rules are “months away” from development: one to permit HECMs on cooperative housing units, and a second to allow HUD to waive the 2 percent upfront mortgage insurance premium for HECMs used to purchase long-term care insurance.
- A revised version of HUD’s desktop software for calculating the maximum size of a HECM available to borrowers will be released by year-end. A future FHA mortgagee letter will announce when the new software is out and available for download from HUD’s Web site.
- The Department is working to increase the number of qualified reverse mortgage counselors, stemming from increased demand for HECMs. Weicher was optimistic about a further increase in HUD funding for counseling in FY 2004.
- The Administration currently doesn’t have a position on whether the HECM program should be modified to have a single national loan limit.
- HUD’s four Homeownership Centers shouldn’t be differing in their interpretations of HECM requirements, and invited lenders who come across discrepancies to notify him.
- HUD favors ways to reduce the upfront costs for HECMs. This was in response to a suggestion to perhaps revise the FHA premium structure for HECMs to cut the size of the upfront premium, and increase the ongoing annual premium.
- Weicher might be amenable to putting a group together at HUD to address HECM issues raised by the industry. He also indicated that the Department would probably be amenable to exploring a possible HECM for home purchase program. **RMA**

and other public/private loan programs available to seniors to finance large scale home modifications.

The booklet is available free of charge to consumers by calling 866-264-4466 or by visiting our new Aging In Place web site at [www.seniorsafehome.com](http://www.seniorsafehome.com). NRMLA members can also purchase copies of the booklet to distribute to interested clients.

NRMLA will continue to publish our other consumer booklet, *Just the FAQs: Frequently Asked Questions About Reverse Mortgages*, which provides more in-depth information on the reverse mortgage program.

On our "seniorsafehome" Web site, visitors can find more extensive information on assessing and adapting their home environment as well as information on our National Aging In Place Week initiative.

#### AGING IN PLACE WEEK INITIATIVE

In May 2003, NRMLA convened a National Advisory Council On Aging In Place to spearhead a sustained nationwide public awareness campaign to promote the concept that if aging in place is a long-term personal goal for seniors, home modifications to make the home safe, comfortable and more accessible should be considered.

Through various national and local media (i.e., radio, print, television), the Advisory Council hopes to stimulate seniors, recent retirees, and Baby Boomers to take proactive steps to modify their home environments to make them safe and comfortable as they age and provide them with ideas and information on how to do so.

A second, and equally important, objective is to build a lasting coalition of business professionals in each community to assist homeowners with pursuing their home modification needs. These can include consultants who advise homeowners on strategies for improving home accessibility, comfort and safety; architects; remodelers/builders; reverse mortgage lenders who can provide financial assistance for seniors to pay for extensive home modifications; occupational therapists; and care managers.

#### FREE HOME ASSESSMENT

Advisory Council members organized a series of national and local activities during National Aging In



*Caption here??*

Place Week, which ran from November 9-15. Our national activities included the development of our consumer booklet and web site. [Note: Our seniorsafehome.com web site can also be accessed through the web address [www.ageinplace.org](http://www.ageinplace.org).]

One of our Advisory Council members, Margaret Christenson, President of Lifease®, Inc., made available on a complimentary basis her unique, online questionnaire that enables homeowners to assess their needs and abilities and then offers personalized suggestions to improve their living environment.

Called LivAbility and developed by Lifease®, Inc., based in New Brighton, MN, the online questionnaire is available at [www.lifease.com](http://www.lifease.com). Normally, Lifease charges a modest fee of \$19.95 for consumers to use the survey but now through November 22, the service will be free. Enter the membership number nrml-1122 and proceed to the Questionnaire.

Steve Garver, a Senior Reverse Mortgage Specialist with Centennial Mortgage & Funding, Inc., based in Eden Prairie, MN, assisted his 87-year-old mother in taking the LivAbility Questionnaire, which he highly recommends to other sons and daughters.

"The survey was very comprehensive, in-depth

NEW BOOKLET, continued on page 8


and applicable to the senior who is experiencing diminishing daily living activities and wants to Age in Place,” said Garver. “It yields an incredible list of relevant resources for the specific barriers to be overcome.”

LivAbility explores a wide range of features of the home, such as lighting, impediments or barriers to movement, asks specific questions on key areas such as bathroom and kitchen layouts, as well as personal habits and health concerns. After the questionnaire is completed, the Lifease® engine selects solutions based on the input. The resulting report includes ideas and products for safety, convenience, comfort and independence in the home. Naturally, Lifease® also provides detailed information on all suggestions as well resources to further research options.

#### SATELLITE ACTIVITIES

On the local level, we organized satellite media events in Seattle, WA; Los Angeles, CA; Minneapolis/St. Paul, MN; Boston, MA; Buffalo, NY; and Charleston, SC during National Aging In Place Week. The local events planned included one, or a combination, of the following:

- **Home showcases.** Personalized tours were arranged for reporters to showcase residences that incorporated successful home modifications.
- **Senior Center Forum.** An educational forum held at a local senior center to educate seniors, their families and elder care professionals about what steps older homeowners can take to age in place.
- **Professional Seminar.** An educational forum for elder care professionals, including occupational therapists, home remodelers, care managers and reverse mortgage lenders to discuss home modifications and other Aging in Place issues.

If you would like to learn more about our Aging In Place Week initiative, or if you would like to help organize an event in your area next year, please contact Darryl Hicks, 202-939-1784, dhicks@dworbell.com. 

and Boston (439 in FY03; 253 in FY02) to round out the Top 10.

The growth in reverse mortgage volume has been fueled by greater public awareness about reverse mortgages, a larger number of lenders offering reverse mortgages, low interest rates, and an economic downturn combined with growing health care costs that have forced many older Americans to look for sources of additional income.

#### NRMLA SEEKING CHANGES TO HECM RATE LOCK

Since at least half of all HECM loans originated in the U.S. currently take longer than 60 days to process, NRMLA is asking HUD to extend the new rate lock feature created for the HECM program from 60 to 90 days in order to better serve consumers.

NRMLA President Peter Bell and General Counsel James Brodsky, of Weiner Brodsky Sidman Kider, met with HUD staff on October 15 to discuss the rationale for a rate lock extension and to address other questions raised by the reverse mortgage industry since the release of Mortgagee Letter 2003-16 on 9/24/03.

Mortgagee Letter 2003-16 allows reverse mortgage lenders to lock a borrower’s “expected” interest rate at the time of loan application for a period of 60 days. The idea behind this change, which HUD implemented in response to a request from NRMLA, is to eliminate confusion and unexpected reductions in the amount of money available to a loan applicant when interest rates increase during the interim between loan application and closing. Upon issuing the Mortgagee Letter, HUD said it was to take effect immediately.

Nevertheless, there are still technical and operational issues that need to be worked out before lenders can start offering a rate lock to their clients. Fannie Mae, the investor for HECM reverse mortgages, is working with us diligently to resolve the technical issues relating to this matter. At this time, however, Fannie Mae is not yet ready to purchase HECMs that utilize this interest rate lock feature.

To better serve the needs of reverse mortgage borrowers, Bell suggested to HUD staff that a 60-day rate lock is too constraining, given that pro-

cessing times have increased to roughly 70 days or more due to increased loan origination volumes and a dearth of qualified loan underwriters to process HECM loan applications. The situation can best be resolved, according to Bell, by extending the rate lock to 90 days.

While HUD understands our reasoning, it's still unclear if they will implement our recommendations.

We ask your patience as NRMLA and our executive leadership continue working with HUD and Fannie Mae to resolve the outstanding issues and develop guidelines for proper implementation of the rate lock feature.

#### NRMLA FORMING POLITICAL ACTION COMMITTEE

Your future success as a reverse mortgage lender and/or service provider, depends in large measure on actions taken by Congress to revise federal mortgage lending laws, including those that affect the Home Equity Conversion Mortgage program.

In response to the rapid growth of the reverse mortgage industry – and our desire to improve the functionality of the HECM program – NRMLA is forming a political action committee (PAC) to financially support the reelection of federal lawmakers who are in a position to promote our legislative priorities. This includes the adoption of a single national loan limit for the HECM program.

Our new Reverse Mortgage PAC will be operational by early next year.

According to the non-profit Center for Responsive Politics ([www.opensecrets.org](http://www.opensecrets.org)), based in Washington, DC, PACs came onto the political scene beginning in 1944 as a vehicle to raise and spend money to elect and/or defeat political candi-

SINCE AT LEAST HALF OF ALL HECM LOANS ORIGINATED IN THE U.S. CURRENTLY TAKE LONGER THAN 60 DAYS TO PROCESS, NRMLA IS ASKING HUD TO EXTEND THE NEW RATE LOCK FEATURE CREATED FOR THE HECM PROGRAM FROM 60 TO 90 DAYS IN ORDER TO BETTER SERVE CONSUMERS.

dates. Most PACs represent business, labor or ideological interests.

PACs can give up to \$5,000 to a single candidate each election cycle. They can also give up to \$15,000 annually to any national party committee and \$5,000 to any other PAC. Campaign finance laws permit an individual to voluntarily contribute up to \$5,000 to a single PAC.

To learn more about the Reverse Mortgage PAC, please contact NRMLA President Peter Bell, 202-939-1741, [pbell@dworbell.com](mailto:pbell@dworbell.com).

#### HECMS FOR HOME PURCHASE

Although most seniors prefer to remain in their in homes throughout retirement, a growing number are interested in using reverse mortgages to purchase new homes that better accommodate their needs.

However, the current approach necessary to use a HECM for home purchase is both clumsy and time-consuming. Bill Agner, President of Homeowners Mortgage Service, Inc., Carmel, IN, said it can take an extra 30-45 days to process a HECM for home purchase.

Vance Morris, Director of Single-Family Product Development at HUD, told attendees at the NRMLA Annual Meeting in Chicago that he would be willing to work with NRMLA to resolve this issue.

The best way to accomplish this, said Morris, is for NRMLA to carefully develop a flow chart that shows step-by-step the process that lenders are currently using to originate HECMs for home purchase.

Morris said he could then meet with NRMLA and subsequently – with the Homeownership Centers – to develop recommendations for FHA Commissioner John Weicher to implement. Weicher said at the Annual Meeting he was amenable to looking into ways to facilitate HECMs for home purchase.

Stay tuned for additional updates.

#### ADDRESSING ONE-YEAR RULE

This past summer, HUD expanded one of its single-family loan program regulations – one that prohibits FHA-insured loans from being made on residences less than one year old – to the HECM program.

NRMLA feels this policy is especially problematic since it discriminates against seniors who may want to get a reverse mortgage on a new home or condominium they just moved into. The association is planning to raise these concerns with HUD staff in the near future.

The issue was also briefly discussed at our Board of Directors meeting in Washington, DC on 10/28. NRMLA will argue that as long as there is a home warranty in effect, or if the home has been pre-inspected by FHA (i.e. inspected during construction) or been built in accordance with FHA specs, that HUD should be willing to allow a HECM on the property, even if it's less than one year old.

Stay tuned for future updates.

#### TEXANS APPROVE REVERSE MORTGAGE REFERENDUM

By an overwhelming majority, voters in Texas approved a statewide referendum on 9/13 that will allow senior homeowners to refinance or pay off a home equity loan with the proceeds of a reverse mortgage.

The referendum – billed as Proposition 6 – was approved by 70 percent of registered voters.

A separate referendum that will allow home equity lines of credit up to 50 percent of a property's appraised value – known as Proposition 16 – passed by an equally impressive 65 percent of the total vote. The bad news is that lines of credit for reverse mortgages was not included in Proposition 16.

However, Scott Norman, President of the Texas Association of Reverse Mortgage Lenders, said that's something they will try to fix when the legislature reconvenes in January 2005. **RMA**

could speak briefly about their organization and why aging in place is becoming a topic of interest. Afterwards, Bell spent time discussing our overall concept for designating the week of November 9-15 as National Aging In Place Week and the types of promotional activities that have been planned at the national and local levels.

Next, Louis Tenenbaum, a home accessibility specialist based in Potomac, MD, gave a slide presentation on specific types of home modifications that seniors can undertake to improve home accessibility. His presentation reinforced our overall message – that if aging in place is a major objective, home modifications to make the home safe and comfortable should be an integral part of the strategy.

Following a networking luncheon, the remainder of the day was spent discussing ways that NRMLA and the organizations present can collaborate to make aging in place and home modification higher priority issues. There were a number of strategies discussed, including placing articles in professional publications, presenting Aging In Place workshops at national and regional conferences, and establishing continuing education programs for professionals.

Everyone appeared receptive to assisting NRMLA in these pursuits. In addition, the following ideas were presented:

- Having an Aging In Place booth at the International Conference on Aging, Disability and Independence, sponsored by the American Society on Aging, December 4-6 in Arlington, VA. Web site: [www.asaging.org](http://www.asaging.org).
- Collaborating with other groups for which aging in place may be a topic of interest, including the American Public Transportation Association, National Kitchen and Bath Association and the Plumbing Heating Cooling Contractors National Association.
- Someone suggested that NRMLA reach out to “discharge planners” – that is, individuals employed by hospitals who, before agreeing to discharge a patient, meet with family members to discuss how they're going to take care of that individual, especially if the person has mobility constraints or some other healthcare issue.

“If we can build an ongoing coalition of business, healthcare and social service professionals in various communities,” said Bell, “We will be better able to assist homeowners in pursuing home modifications.”

Below is a partial list of organizations (not including NRMLA members), who attended our Aging In Place Summit. Other Summit attendees will be featured in future issues of *Reverse Mortgage Advisor*. The ones below include:

- **“At Home” Assisted Living By Sunrise.** For seniors who aren’t ready to move to an assisted living community and wish to remain in their own homes, Sunrise Assisted Living, based in Fairfax, VA, offers personalized in-home care to meet their changing needs.  
*Web site: [www.sunriseseniorliving.com](http://www.sunriseseniorliving.com)*
- **American Occupational Therapy Association.** AOTA is a national trade association for occupational therapists, occupational therapy assistants and students of occupational therapy. OTs rehabilitate people who are experiencing health issues, such as stroke and spinal cord injuries, and provide solutions for adapting home environments to accommodate changing needs.  
*Web site: [www.aota.org](http://www.aota.org).*
- **Coventry CareLink.** Coventry CareLink is a private company that offers numerous support services to help seniors remain in their homes, including home repair and maintenance, lawn maintenance, housekeeping, meal preparation, and personal care services. Coventry is also a long-term care insurance provider.  
*Web site: [www.coventrycarelink.com](http://www.coventrycarelink.com).*
- **National PACE Association.** The National PACE Association advocates the Programs of All-inclusive Care for the Elderly healthcare model, which is centered around the belief that it is better for the well-being of seniors with chronic care needs and their families to be served in their own community whenever possible. Firms that adhere to the PACE model are able to provide a full scope of medical and supportive services to seniors while maintaining their independence in their homes for as long as possible.  
*Web site: [www.npaonline.org](http://www.npaonline.org)<sup>RMA</sup>*

With being “in play” legislatively, comes heightened scrutiny. As we ask for policy changes in the HECM program, more elected officials become familiar with the topic and begin to ask questions.

The scrutiny is healthy; it gives us the opportunity to go out and educate policymakers. But it also means that we must tow the mark. Every aspect of our business must be handled with the utmost integrity. We must have a handle on exactly what is going on, be able to look lawmakers straight in the eye and ensure them that there are no shenanigans going on in the reverse mortgage business.

If we hold up our end of the bargain, carry out our business doing what is truly in every client’s best interest and continually tell our story to our elected representatives, we should be able to achieve our legislative objectives. However, it will take our commitment to the highest ethical standards of business conduct, as well as a degree of political activism on the part of each and every one of us.

Political activism requires that you make the effort to get out and meet with your Congressional representatives or their key staff. Congress will be adjourning for the year in a few days – as soon as they finish work on the Medicare prescription coverage bill – and heading home until the new session begins in mid-January. While they’re home it’s an excellent time for you to meet with your Representative and two Senators.

You can use the opportunity to congratulate them on taking a step forward on prescription drug coverage. Explain how the income from a reverse mortgage can help senior homeowners pay their premiums, deductibles and co-pays. While some legislators opposed the policy that was enacted, now that it is done, they must all learn how to help their constituents get the most benefit out of it. We provide a tool that can be a useful part of the solution.

Recognizing the value we bring to the prescription drug coverage, opens the door to discussing the potential role we can play in helping address broader health care issues. That should be a good topic for initiating dialogue with your elected officials.

Don’t just sit back and wait for us to try to change HECM policy on your behalf in Washington. Go out and get involved in the process.

# Comprehensive Overview of Prescription Drug Legislation Approved By Congress

Prepared by Darryl Hicks

The U.S. Congress has approved sweeping changes to the federal Medicare program by creating a prescription drug benefit plan to help low-income seniors and persons with disabilities afford coverage.

The Medicare Prescription Drug and Modernization Act (H.R. 1) was approved by the Senate on 11/25/03 and sent to President George W. Bush for his expected signature. The bill cleared the House of Representatives by a narrower 220-215 vote on November 22.

As many of you are aware, reverse mortgage proceeds are commonly used by seniors to cover the cost of prescription drugs. Even though a prescription drug plan has been approved, there still would be considerable out-of-pocket costs to consumers.

Overall, the legislation would take effect in 2006 and cost \$400 billion over 10 years. Information published in *The Washington Post* said nearly half of the 40 million retired and disabled Americans currently on Medicare earn less than \$17,960 annually. More than half are women. In 1999, Medicare recipients spent 19 percent of their income – an average of \$2,430 – for healthcare-related expenses, including prescription drugs, according to AARP.

## OVERVIEW OF THE PRESCRIPTION DRUG BILL

Key provisions of the Prescription Drug Bill include the following:

- **Prescription Drug Discount Card.** Starting in April 2004, Medicare recipients are eligible to receive a prescription drug discount card that would yield annual savings estimated at 15 percent to 25 percent. Eligible low-income seniors would get a \$600 subsidy applied to the card but they would still be required to make a co-payment for each prescription drug. Card sponsors would charge an annual enrollment fee of up to \$30.
- **Coverage Plan.** Beginning in 2006, Medicare recipients could buy coverage for their prescription drugs. Seniors would have to pay a \$35 monthly premium, or \$420 per year. After paying a \$250 deductible, Medicare would cover 75 percent of drug costs up to \$2,250. Seniors would have to pay the balance, or \$563. After that, there would be a gap in coverage until out-of-pocket expenses reach \$3,600, or roughly \$5,100 in overall prescription drug expenses. Above that level, insurance would pick up roughly 95 percent of costs.
- **Voluntary.** This new Medicare benefit is voluntary – no one will be forced to enroll.
- **Safety Protections.** The legislation provides safety mechanisms to prevent drug errors including electronic prescribing of medication. **RMA**

## Briefs

### New Members

*NRMLA would like to welcome the following new members who have joined since June 2003:*

AAA Mortgage Market, San Diego, CA; AEG Mortgage, Mission, KS; AMC-America's Mortgage Company, Houston, TX; American Security Mortgage, Bloomington, IL; Amtrust Mortgage Corporation, Atlanta, GA; Beck Mortgage Lenders, Inc., Minneapolis, MN; Carteret Mortgage Corporation, McLean, VA; Centennial Mortgage & Funding, Inc., Eden Prairie, MN; Crestline Mortgage Bankers, Colorado Springs, CO; Duc Duong Education Counselor, Covina, CA; Equity America Mortgage Services, Inc., Manchester, NH; Fast Track Funding Corp., Hicksville, NY; Federated Lending Corporation, Yardley, PA; First Choice Mortgage, Inc., Waukesha, WI; 1st Mariner Mortgage, Baltimore, MD; First National Bank of Arizona, Tucson, AZ; First Republic Mortgage Corp., Mission Viejo, CA; Hanson McClain, Folsom, CA; James B. Nutter & Company, Kansas City, MO; Kastle Mortgage Corp., Freehold, NJ; Kirchmeyer & Associates, Inc., Buffalo, NY; Merit Financial, Redmond, WA; Moneywise Mortgage Co., Marshfield, WI; The Mortgage Authority, Inc., Overland Park, KS; Mortgage Financial Services, Tewksbury, MA; The Mortgage Network, Inc., Indianapolis, IN; The Mortgage Store Financial, Inc., Los Angeles, CA; Monterey Coast Mortgage, Monterey, CA; Mosaic Financial, LC, Scottsdale, AZ; Paradigm Financial, Greenwood, IN; Reeves/Hary Nationwide Document Signing Service, San Jose, CA; Reverse Mortgages of California, Inc., Fresno, CA; Reverse Mortgage of Dallas, Dallas, TX; Seminole Funding, Inc., Seminole, FL; Senior Funding Associates, Woodland Hills, CA; Senior's Reverse Mortgage, Inc., Concord, CA; Southern Star Mortgage Corp., Lynbrook, NY; Superior Home Mortgage Corp., Tuckerton, NJ; Sun Valley Mortgage, Inc., Tempe, AZ; Title Stream, Carrollton, TX; U.S. Financial Mortgage Corp., Roseville, CA; WesBanco Bank, Inc., Wheeling, WV **RMA**