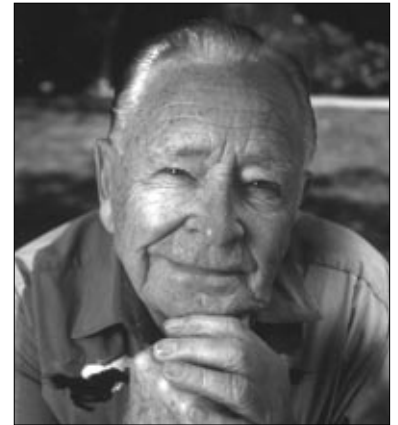


BORROWER PROFILES

Bill Stewart

YORBA LINDA, CALIFORNIA

Bill Stewart likes to keep moving, and he does plenty of it, on a plane or cruise ship or his feet. At 75, eight years since his wife died, he hates living alone. "I go stir-crazy," says Stewart. "I don't like to sit and watch TV and I'm not into computers." So he travels - "I love traveling, absolutely love it," he says. Last year, five cruises and four trips by air took him to destinations including London, Alaska, and Mexico.



Bill Stewart

He also enjoys dancing. "That's why I like cruises," Stewart explains. "You can dance all night every night. I usually start in the ballrooms and wind up in disco." When he's home, he often dances with young coeds at student hangouts near a local university. "When the young guys see me out there dancing with all those girls, they give me high-fives and pat me on

BORROWER PROFILES, continued on page 12

Wall Street Looks at Reverse Mortgages for Possible Securitizations

By Darryl Hicks

One of the top national ratings agencies believes the reverse mortgage market will grow dramatically in the next 15 years, because lenders and investment banks "are hungry" for new home equity-type products that offer wider profit margins.

"Wall Street folks are looking at the reverse mortgage sector because there are more institutions originating these loans," said Frank Raiter, of Standard & Poor's Corporation, New York. "The fact that there has been some recent volume pick-up suggests there might be enough critical mass to start courting the product," he

WALL STREET, continued on page 10

INSIDE THIS ISSUE

- Borrower Profiles..... 1*
- Wall Street Looks at Reverse Mortgages..... 1*
- Legislative/Regulatory Update...2*
- Message from the President.....2*
- NRMLA News.....3*
- HECM Volume on Record Pace..4*
- Methods to Attract Customers...4*
- New NRMLA Members5*
- Reverse Mortgage Software7*
- Common Misperceptions.....8*
- NRMLA Events Calendar.....18*

Legislative/ Regulatory Update

LAZIO OFFERS BILL WITH REFINANCE PROPOSAL

On May 12, Rep. Rick Lazio (R-NY) introduced a bill (H.R. 1776), that would make it easier and less costly for senior homeowners to refinance an existing FHA-insured reverse mortgage.

Under the measure, called the American Homeownership and Economic Opportunity Act, a senior could refinance an existing Home Equity Conversion Mortgage (HECM) without having to pay the full amount of the upfront 2 percent FHA Mortgage Insurance Premium (MIP) all over again. HUD could either refund the upfront premium amount already paid by the borrower on the original loan, or charge the borrower a new MIP on the new loan equal to the difference between the upfront MIP previously paid on the original loan and the upfront MIP due on the new loan. H.R. 1776 would also exempt borrowers who refinance from having to undergo counseling a second time.

Lazio, who chairs the Housing Banking Committee's Housing and Community Opportunity Subcommittee, wants to hold a hearing on H.R. 1776 in the near future, possibly July or August. As of early July, H.R. 1776 had 66 lawmakers as co-sponsors.

No companion bill has yet been introduced in the Senate. But one Lazio staffer told the *Reverse Mortgage Advisor* that Senate Banking Committee member Rick

LEGISLATIVE / REGULATORY UPDATE,
continued on page 14



Peter Bell

A Message from the President

Creating an Effective Public-Private Partnership

By Peter Bell

Many eyes are upon us. Now that NRMLA has been around for a little while, federal policymakers, members of Congress, consumer advocates, elderly organizations, and the press are looking to the Association to be a responsible voice for the reverse mortgage industry. Our actions over the next year or so will determine whether we earn their respect and establish ourselves as a credible voice on behalf of reverse mortgage lenders.

The reverse mortgage business has come about as an outgrowth of public policy. It was public policy advocates, interested in assuring that elderly home owners are given the option of utilizing the accumulated equity in their homes as a means to finance their living expenses, who were largely responsible for encouraging Congress and FHA to create the Home Equity Conversion Mortgage (HECM) product. It is the FHA guarantee – a public subsidy – that makes a large proportion of the reverse mortgage business possible. Without it, there would be little appetite for investors to place their money into reverse mortgages. Without the volume generated by the FHA-insured segment of the market, the critical mass might be too small for the sponsors of other non-insured products to offer their versions of reverse mortgages.

PRESIDENT, *continued on page 11*

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.

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NRMLA News

McEnerney Assumes Leadership of NRMLA

Patrick McEnerney, of Alliance Mortgage Company, Jacksonville, FL, is the new chairman of the National Reverse Mortgage Lenders Association.

McEnerney was elected by the NRMLA Board of Directors at a recent meeting in Washington, DC to fill the position previously held by Jeffrey Taylor, of Wendover Financial Services Corporation. Taylor resigned as chairman after leaving Wendover.

McEnerney previously was a vice chairman of NRMLA. He also is the chairman of the Association's Legislative and Regulatory Affairs Committee.

Darryl Hicks Joins NRMLA

NRMLA has expanded its information and reporting capacity with the addition of Darryl Hicks, who joined the Association in early May.

Hicks previously was a reporter for the *National Mortgage News*, a premier national weekly trade newspaper on mortgage finance issues. Based in Washington, DC, he covered federal legislative and regulatory developments, industry news, market trends, and the like.

Hicks is writing for the NRMLA's newsletter, the *Reverse Mortgage Advisor*; memos; and other materials.

(Contact: Darryl Hicks, 202-939-1784, e-mail dhicks@dworbell.com)

Financial Freedom Acquires Transamerica HomeFirst

Financial Freedom Senior Funding Corporation (FFSFC), Irvine, CA, has acquired Transamerica HomeFirst Corp. (THF), San Francisco, and its reverse mortgage servicing operation for \$200 million in cash.

At the time the deal was completed on June 11, Financial Freedom, one of the originators of reverse mortgages was not servicing loans. By acquiring Transamerica HomeFirst's servicing operation, Financial Freedom joins Wendover Financial Services Corporation, Greensboro, NC; Unity Mortgage Corp., Atlanta; and Seattle Mortgage Company, Seattle, as a major servicer of reverse mortgages in the U.S.

With the acquisition, Financial Freedom is now servicing a portfolio of 6,000 reverse mortgages. Approximately half the portfolio is Home Equity Conversion Mortgages (HECM) and Fannie Mae Home Keeper loans; the other half is a portfolio of "HouseMoney" mortgages - a proprietary jumbo reverse mortgage once offered by Transamerica HomeFirst.

Transamerica sold its HECMs and Home Keeper loans to Fannie Mae years ago but kept its own jumbo loans in portfolio. Financial Freedom is servicing these roughly 3,000 HECM and Home Keeper loans that were sold to Fannie Mae.

After completing the acquisition, Financial Freedom sold the remaining portfolio of 3,000 Transamerica jumbo loans it acquired to Lehman Brothers, New York, retaining the servicing rights on these loans.

Lehman provided the capital used by Financial Freedom to acquire Transamerica HomeFirst.

"Fannie Mae isn't the only investor of reverse mortgages any longer,"

NRMLA NEWS, continued on page 18

HECM Volume On Pace to Hit Record

The U.S. Department of Housing and Urban Development is on pace to insure a record number of reverse mortgages in 1999, according to HUD data obtained by the *Reverse Mortgage Advisor*.

And Fannie Mae, the sole investor of reverse mortgages in the U.S., says purchases of HUD-insured Home Equity Conversion Mortgages (HECMs) and Fannie's proprietary Home Keeper mortgage are up about 10 percent through the first half of calendar year 1999.

The data show that HUD endorsed for FHA insurance 4,962 HECMs through the first eight months of fiscal year 1999 (October 1, 1998-May 31, 1999), compared to 4,722 for the same period a year ago.

Although the latest production figures represent just a 5 percent increase from last year, there still is a good chance that a new record could be set if consumer demand for reverse mortgages remains steady through the remainder of the year.

Reverse mortgage executives nationwide say the past few months have been the best they have seen in a long time.

GMAC MORTGAGE SEES BOOST

"Our production volume is up by 78 percent through the first five months of the year," said Harris Turkel, of GMAC Mortgage Corporation, Horsham, PA, "thanks in large part to increases in the HECM loan limit."

HECM VOLUME, continued on page 6

Different Methods Said Useful for Attracting Reverse Mortgage Customers

Attracting new borrowers can be a challenge for reverse mortgage lenders – even for seasoned pros who've participated in the seniors-only market for years. That's why sharing "trade secrets" among lenders can promote the growth of the overall market.

At NRMLA's May conference in Washington, three reverse mortgage lenders explained some of the practices that they've used to get new borrowers.

Bonnie Daniel, a vice president at Senior Loan Center (SLC), Carmichael, CA, said she's generated leads from a variety of sources, including from SLC's Web site at <http://www.ns.net/slc/index.htm>, bank referrals, Sunday newspaper ads, and television commercials.

Daniel said a surprising number of seniors – and their sons and daughters – use the Internet to obtain information on reverse mortgages.

"We're getting a lot of business from our Web site," Daniel reported. "We've received inquiries from kids who want information they can give to their parents. In some cases, we've developed pen pal relationships with these people."

REVERSE MORTGAGE SITES PLENTIFUL

A random search by the *Reverse Mortgage Advisor (RMA)* found almost 2,000 Web sites dedicated to reverse mortgage lending. [To try it yourself, use the Alta Vista search engine, at <http://www.altavista.com>, and do a search using the phrase "reverse mortgage."]

Most of the Web sites examined by RMA are maintained by lenders – like Senior Loan Center, Seattle Mortgage Company [<http://www.seattlemortgage.com>] and Norwest Mortgage, Inc. [<http://www.norwest.com/mortgages-general/reverse/doc/reverse.htm>] – that have been involved in the reverse mortgage market for several years.

HUD also maintains a user-friendly Web site [<http://www.hud.gov/reverse.html>] that contains information on its federally insured reverse mortgage, the FHA Home Equity Conversion Mortgage (HECM). And, last but not least, is NRMLA's own Web site [<http://www.reversemortgage.org>], which has general information on reverse mortgages, details of specific products, and a list of lenders – Association members all – that offer reverse mortgages.

Each Web site reviewed provides useful information on reverse mortgages, including what reverse mortgages are used and where they can be obtained. One site reviewed has information posted in large type – beneficial to the many seniors with impaired sight.

TELEVISION, RESIDUAL IMPACTS

In addition to the Internet, the Senior Loan Center has generated a decent number of leads via television advertising.

"We run commercials on the Weather Channel and CNN Headline News, which a lot of seniors watch during the day," Daniel said. →

→ She also noted that it's important for reverse mortgage lenders to develop relationships with local banks that have a strong senior customer base but which don't offer reverse mortgages themselves.

"The last 'bank referred' loan I closed [was for] a senior couple that wanted to travel more, while they still could," Daniel noted.

Then again, there are other – more imaginative – ways to spread the word about reverse mortgages.

Todd Walters, president of Amston Mortgage Company, Inc., Colchester, CT, said one of the last loans he originated came about as a result of a speech he gave to a group of senior citizens in 1997.

"Here we are two years later and I'm still getting business from that speech," Walters noted. "The funny thing about that speech was that the group was very quiet all evening. It made me wonder whether they understood what I was telling them."

FANNIE MAE REFERRALS

Gloria Cohan, who works for Unity Mortgage Corp. in Rockville, MD, said she gets most of her loan referrals from Fannie Mae.

"There's a syndicated columnist [national columnist Robert Bruss] who appears in *The Washington Post* every weekend and he writes often about reverse mortgages," Cohan said. "At the end of each story, he tells the reader to call Fannie Mae if they want additional information."

Cohan noted, "What often happens is that Fannie will send the person a list of all the reverse mortgage lenders in their area, which is how they end up at our office. You'd be surprised but a lot of seniors read the real estate section of the newspaper."

Fannie Mae offers information both on the HECM product and its own reverse mortgage product, the Home Keeper loan.

Cohan, like Walters, has spent considerable time getting to know the elderly borrowers in her Maryland community.

"I've been originating reverse mortgage loans for five years and have built up a good network," she said. "I really try to know the seniors living around me."

Cohan said loan officers should be patient because it can sometimes take years before an elderly person will finally decide – after getting information much earlier – to get a reverse mortgage.

"If you're new to this business you'll find that some people take years to decide whether they want to get a reverse mortgage," Cohan noted. "In fact, one of my most recent clients spent nine years debating whether she should get a loan before we finally closed the loan." **RMA**

— Darryl Hicks

A SURPRISING
NUMBER OF SENIORS –
AND THEIR SONS AND
DAUGHTERS – USE THE
INTERNET TO OBTAIN
INFORMATION ON
REVERSE MORTGAGES.

— Bonnie Daniel
Senior Loan Center



NRMLA Welcomes New Members

The National Reverse Mortgage Lenders Association has added 11 new members since January 1, 1999. Here is a list of the new members along with a brief description of each.

■ Marine National Bank

Based in Jacksonville, FL, Marine National Bank (MNB) started originating reverse mortgages about one year ago. The bank currently originates both the federally-insured Home Equity Conversion Mortgage (HECM) and Fannie Mae's Home Keeper loan. For more information on MNB's program, visit the bank's Web site at <http://www.marinebank.com> or call Lynda Graves at 904-636-9999.

■ Diversified Resources Referral System

Based in San Diego, CA, Diversified Resources Referral System (DRRS) trains insurance agents who are interested in offering reverse mortgage annuities in the U.S. The firm originates both HECMs and Home Keeper loans, but its core business revolves around its training program. The company also has an office in Houston, TX. To learn more about DRRS, call Dennis Soto at 619-278-2722.

NEW MEMBERS, continued on page 16

On January 12, HUD increased the limit on the amount of cash elderly homeowners can take out of their home with an FHA-insured reverse mortgage, by raising the maximum FHA loan limits nationwide. Depending on the location of the property, a borrower can now obtain a HECM loan with a limit that ranges from \$115,200 to \$208,800. Previously, the HECM limits ranged from \$86,317 to \$170,362. President Clinton signed legislation in the fall of 1998 that increased the FHA limits.

Turkel believes reverse mortgage originations will fall later this year. Nevertheless, GMAC Mortgage is still forecasting a healthy 50 percent increase in the number of HECMs it will produce in 1999. Roughly, 95 percent of the reverse mortgages that GMAC Mortgage originates are HECMs and the remainder are Fannie Mae Home Keeper loans.

"I think the HECM is a better loan - the pricing is better and a borrower can get more money out of their home compared to what is available through the Home Keeper," Turkel added.

If production levels remain robust at other companies, like GMAC Mortgage, HUD could very well insure a record number of HECMs for the third year in a row. According to the Department's data, HUD endorsed 7,898 HECMs for insurance in FY 1998 (the current record); 5,192 in FY 1997; 2,314 in FY 1996; and 4,083 in FY 1995.

"Consumer interest in reverse mortgages has remained strong," said Janice Mitchell, of Fannie Mae. To date, Fannie Mae has received more than 26,000 phone calls from consumers requesting information on the seniors-only product, according to Mitchell, in comments

during NRMLA's regulatory compliance meeting in Washington on May 13-14.

"Origination levels in 1998 were up roughly 10 percent from 1997...and current activity indicates that 1999 will experience similar growth in consumer interest and loan originations," she said.

Top 10 HECM Lenders to Date*

Unity Mortgage Corp.	4,962
Norwest Mortgage, Inc.	1,865
Amerifirst Mortgage Corp.	1,770
Senior Income Reverse Mortgage	1,640
Wendover Financial Services Corp.	1,621
Home Mortgagee Corp.	1,040
Norwest Directors Mortgage Loan Corp.	983
ARCS Mortgage Inc.	906
Senior Loan Center, Inc.	832
BNY Mortgage Company LLC	681

** Total number of Home Equity Conversion Mortgages endorsed for insurance since program began (1989), through May 31, 1999.*

Source: HUD

OTHER LENDERS REPORT HIGHER VOLUME

Meanwhile, Atlanta-based Unity Mortgage Corp. said production levels have risen dramatically in 1999, especially during the past two months. According to HUD figures, Unity is the top HECM originator in FY 1999 so far.

Unity said it normally closes around 100 loans a month, but in May the company closed 175 loans. "I'm not sure if that's a record or not but it has to be close," said Unity's Phyllis Stephen. "I can't think of any one reason why we're closing more loans, but I do think that more people are talking about reverse mortgages. Word of mouth can be a valuable tool."

Lynda Graves, of Marine National Bank, Jacksonville, FL, added, "We're seeing a good response rate for the reverse mortgage product. I'm out on the road all the time talking to groups trying to drum up additional support."

"March and April were my two best months ever," said Roger Reynolds, of Norwest Mortgage, Inc. Hemet, CA, which closed 116 loans in April. Reynolds noted that Norwest produces about 95 reverse mortgages a month. "I'd say word of mouth played a big role for why our volumes are increasing," he explained. **RMA**

— Darryl Hicks

Software Programs Help Show Consumers Estimated Benefits of Reverse Mortgages

By Alan L. Dessoff

Several software products are available that lenders and housing counselors can use to educate prospective borrowers about reverse mortgages and to estimate the financial benefits available from different loans under various payment options.

Following is a description of the current software products available:

HUD'S HECM LOAN CALCULATION SOFTWARE

Now in DOS format, this software covering the FHA Home Equity Conversion Mortgage (HECM) is supposed to come out in a Microsoft Windows® version in the near future. It can compute loan advances, costs, residual equity, and payment plans.

Cost: \$5. To order: Call 1-800-245-2691.

FANNIE MAE'S MORNETPLUS® REVERSE MORTGAGE ASSISTANT

This Microsoft Windows®-based software assists in analyzing payment options for the Fannie Mae Home Keeper® mortgage and the FHA HECM. Reverse Mortgage Assistant allows users to enter relevant case information and then select one of five reverse mortgage payment plans such as term or tenure. The system calculates available funds, monthly payments, and cost information, and then compares the HECM and Home Keeper mortgages. MORNETPlus software products, developed by Fannie Mae, requires standard hardware and software configurations to run successfully.

To register and receive the software for Reverse Mortgage Assistant, one must complete and submit to Fannie Mae a User Registration form (one form required for each user who will have access to the system), Order Form/Schedule, and Subscription

Agreement. To obtain forms or more information, call 1-800-758-7546 (M-F, 8 am-8 pm EST).

IBIS REVERSE MORTGAGE ORIGINATOR (RMO)

A product of Ibis Capital, RMO performs all the calculations for HECM and Home Keeper mortgages and produces 50 pages of data per case. It incorporates as an option the Hartford Lifetime Income Plan annuity. RMO allows users to e-mail client data to each other so they do not have to retype it. It contains the FHA loan limits for all 3,148 counties in the U.S., and allows revised limits to be downloaded from HUD's Web site by clicking a button on the software program interface.

RM Lite is a generic version of RMO for users with less sophisticated computer capabilities. RM Web Calculator performs all calculations directly on the Internet, and is available online at <http://www.reverseweb.com>.

For more information: Call 415-563-3367, or visit <http://www.reverseweb.com>.

NATIONAL CENTER FOR HOME EQUITY CONVERSION (NCHEC) REVERSE MORTGAGE COUNSELOR (RMC)

This PC software program generates 24 total pages of data per case, including credit line growth comparisons; individual loan projections, including the impact of consumer-selected credit line draws on future remaining credit; comparative cost graphs; and extensive "what-ifs" based on variation in home appreciation, life expectancy, and annuity accounting. Other features include an updateable client database and customized user imprints.

RMC is available only from NCHEC. It's free to NCHEC-Preferred Counselors and Lenders. For more information: Call 651-222-6775. **RMA**

Common Misperceptions About Reverse Mortgages and How Lenders Respond

CONSUMERS SOMETIMES DON'T UNDERSTAND REVERSE MORTGAGES. THEY HAVE MISCONCEPTIONS THAT LENDERS MUST TRY TO SET STRAIGHT. HERE ARE SOME COMMON MYTHS THAT CONSUMERS EXPRESS AND THE WAYS LENDERS RESPOND TO THEM:

Misperception

I'm giving up title to my home to the lender. The lender will be able to kick me out or foreclose on me.

Response

No. A reverse mortgage is no different from any other equity loan. It's simply a loan on which you do not have to make any payments. It has no bearing on the title to your home. You retain title. It's up to you to determine where you want the home to go after your death, and how much value remains in the home is based on how much you used from your reverse mortgage.

Robert Canino, Manager,
Extended Income Program for Senior Homeowners
Cole Taylor Bank
Lombard, Illinois

Title does not pass to the lender unless the homeowner defaults on the loan. A reverse mortgage, like any other mortgage, is a lien on the house and the loan can be repaid at any time. In fact, a

reverse mortgage has an advantage over a regular mortgage and that is open-end credit. That means you can pay down the loan in part and then re-borrow that money later.

Mike Hyman, Senior Vice President
Wendover Financial Services Corporation
Greensboro, North Carolina

Misperception

My home has to be free and clear of other debt before I can obtain a reverse mortgage.

Response

Not true. We often pay off small existing mortgages or seconds or other liens on the home for the borrower.

Ken Keranen, Manager, Reverse Mortgage Dept.
Seattle Mortgage Company
Seattle, Washington

Misperception

Reverse mortgages are only for people in financial need.

Response

No. Regardless of your degree of affluence, the program offers many benefits. You can use it to go on a cruise,

pay for long-term health insurance, or make a down-payment for your grandkids to buy their first home.

Elly Shea, Senior Vice President
America's Senior Financial Services, Inc.
Miami Lakes, Florida

Misperception

If I die, the lender is going to swoop right in and sell my home right out from under my heirs.

Response

No. It's up to you or your heirs to sell the home. That's how the lender is repaid. A reverse mortgage is a non-recourse loan and the lender can only be repaid from the property.

Melissa West, Marketing Director
Unity Mortgage Corp.
Atlanta, Georgia

Misperception

I don't have good enough income or credit to qualify for a reverse mortgage.

Response

A reverse mortgage is not based on income or credit. It's based strictly on your age and the value of your home. You don't have to qualify the way you would for a regular mortgage. Neither credit history nor income is part of the approval process.

Elly Shea, Senior Vice President
America's Senior Financial Services, Inc.
Miami Lakes, Florida

Misperception

A reverse mortgage costs too much.

Response

If you live a relatively short time, that's probably true, because the upfront cost, including the big one – the mortgage insurance premium that FHA charges – is added to your loan balance. But the longer you live or occupy your home, the less expensive the loan becomes because those costs are amortized over time.

Ken Keranen, Manager, Reverse Mortgage Dept.
Seattle Mortgage Company
Seattle, Washington

Misperception

I'll have to repay the loan while I'm still living in the house.

Response

If you use up all the available loan money, you still can remain in your house and the loan does not have to be repaid so long as you pay your taxes and insurance and continue to live permanently in the house. Technically, you can draw down all the available money on day one of the loan, have nothing left on day two, and still not have to make any payments on the loan for 30 years if you live that long.

Mike Hyman, Senior Vice President
Wendover Financial Services Corporation
Greensboro, North Carolina

RMA

added. To date, the inventory of reverse mortgages has been too small to warrant securitizations.

Raiter told the *Reverse Mortgage Advisor* that there are two reasons why the demand for reverse mortgages is growing. First is home price appreciation. Home prices, he said, have increased an average of 5 percent annually for each of the past 20 years. This benefits seniors, Raiter explained, because they can tap more equity in their homes with a reverse mortgage.

The second reason, he said, is a strong desire by seniors to spend their "golden years" living in their present neighborhood instead of a retirement home. To make their lives more comfortable, some seniors are obtaining reverse mortgages and using the proceeds to pay off existing debts, make home repairs, or simply to supplement their Social Security checks.

"Everybody talks about how the baby boomers are going to propel this market in the future - well their parents are driving it right now," Raiter said. "There's an increasing number of elderly borrowers who don't want to move to Florida or the Carolinas."

He added, "Over the next 10 to 15 years, one might expect that if this product does develop an active secondary market more institutions would engage in lending like this because other mortgage products, particularly the first liens and refinancings, have matured...margins have thinned out."

According to Raiter, the home equity loan market had some boom years, but this sector is no longer creating the kind of production and securitization volumes of the peak years of 1997 and 1998.

FINANCIAL INDUSTRY HUNGRY FOR NEW PRODUCTS

"They (lenders and investment banks) are hungry for new products that provide wider margins and the reverse mortgage fits that bill," Raiter said.

The most popular reverse mortgage, HUD's FHA Home Equity Conversion Mortgage (HECM), was launched in 1989 but never really took off until around 1997, when Fannie Mae - which buys reverse mortgages - stepped up its marketing of the product and its proprietary Home Keeper loan. In the federal fiscal year that ended September 30, 1998, the volume of HECM loans equaled 25 percent of the total HECM volume since the program began.

Although reverse mortgage production volumes

have steadily climbed over the past three years, they still were far too low to attract the attention of Wall Street - until now. If Wall Street starts securitizing reverse mortgages on a regular basis, this could expand the secondary market for reverses even more.

"Clearly, the reverse mortgage is a product that intrigues us," said Craig Corn, of New York investment bank Lehman Brothers. "Volume has picked up to the point where we need to take a closer look at the product. Right now we are just trying to learn about as much as we can about reverse mortgages, including how they are originated and serviced."

S&P CRITERIA, CANADIAN SECURITIZATION

On April 27, Standard & Poor's Corporation, the national ratings agency, issued criteria for rating reverse mortgage securitizations - the first Wall Street firm to issue such guidelines. A few weeks earlier, S&P rated the first-ever North American reverse mortgage security, an \$87 million, AAA-rated offering by Canadian Home Income Plan (CHIP), Toronto, Ontario.

"The companies that invested in the security were mostly institutional investors, like pension funds and insurance companies," said Steve Ranson, of CHIP. "We hope to do additional securitizations as our volume increases."

S&P analysts predict growing interest in similar securitizations in the U.S., British, and Australian markets. Fannie Mae, the largest investor of reverse mortgages in the U.S., said it has no immediate plans to start securitizing loans.

"We have no immediate plans to securitize reverse mortgages and probably will not until we see some demand on the part of our customers to do so," said Liz Scholz, director of senior products at Fannie Mae.

Needless to say, the first U.S. reverse mortgage securitization still could take place shortly. According to published reports, Lehman Brothers reportedly underwrote a recent \$200 million transaction rated by S&P. The issuer was said to be Transamerica HomeFirst, of San Francisco, which last year stopped originating its proprietary jumbo reverse mortgage product or HECMs, but which still holds a →

→ significant portfolio of reverse mortgages. Raiter wouldn't comment on the reported securitization, but did tell the *Reverse Mortgage Advisor* that S&P hopes to be part of a reverse mortgage transaction soon, about which he declined to provide details.

Transamerica didn't return phone calls.

STRONG DEMOGRAPHIC INDICATORS

Standard & Poor's has published a detailed report on reverse mortgages (separate from the guidelines) that includes demographic information that investors and lenders can use to gauge likely future demand for reverse mortgages.

According to S&P, U.S. Census Bureau data shows that roughly 17.5 million couples aged 65 or over owned their home in 1997. Of these couples, about 13.5 million owned their home free and clear.

S&P notes that seniors have accumulated an estimated \$1.8 trillion in home equity – a telling sign of how big reverse mortgage demand could become in future years.

"The strong demographic force coupled with the huge home equity ready to be tapped forms a powerful base to generate strong demand for reverse mortgages in the upcoming decade," the S&P report says.

"I think there's a lot of growth potential for the reverse mortgage," said Susan E. Barnes, also of S&P. "But it's a product that investors are going to have to study more carefully. The reverse mortgage is a different breed of loan when compared against your typical forward mortgage." **RMA**

Note: To obtain a copy of S&P's reverse mortgage securitization guidelines, call Shannon Bell, manager of communications, 212-208-8727.

For a copy of S&P's analysis of reverse mortgages, including demographic data, call Joseph Hu, 212-438-2491.

PRESIDENT, *continued from page 2*

Accordingly, we must recognize that the reverse mortgage business is not merely a matter of private enterprise. We are operating in the public policy arena. We are a business that is a private-public partnership. Without private lenders, the government has a limited ability to offer reverse mortgages (they are offered by some state housing finance agencies). Without FHA insurance, most lenders would be unable to make reverse mortgages.

This reliance on federal credit subsidy – the FHA mortgage insurance – places unique responsibilities upon our industry. We must operate within the public interest. There are implicit constraints on how the business can operate. It is important that these constraints are understood by all industry participants. Federal credit subsidy is a finite resource. If we do not serve the public interest, we cannot expect the FHA credit enhancement to be continually available to support our business.

To make sure that our business is responsive to public policy objectives, we must collaborate with several other parties that serve the public's interest. These include housing counselors, AARP, and other consumer protection organizations. Policymakers rely on these groups to advise them on reverse mortgage issues.

There is a natural yin and yang between these public advocates and the lenders. However, if we are able to keep that yin in balance with the yang, we are able to obtain their concurrence in achieving our objectives. If we lose that balance and go our own route in disagreement with those to whom the public advocacy role has been ceded by policymakers, our progress is impeded.

Over the past few weeks, NRMLA's Board of Directors has been engaged in negotiations with AARP over a letter to be sent jointly by both organizations to HUD Secretary Andrew Cuomo. The letter requested that several changes to the HECM program be implemented. These include (1) establishing a "streamlined refinance" procedure for current reverse mortgage clients; (2) improving and providing alternative methods of counseling; (3) providing earlier TALC disclosures; (4) studying the feasibility of a single national HECM loan limit, in lieu of the current area-by-area limits; and (5) establishing a more real-

PRESIDENT, *continued on page 17*

the back. They call me 'Wild Bill.' They all want to grow up and be like me, live as long as I have, and still be out dancing."

His Financial Freedom Plan reverse mortgage enables Stewart to maintain his lifestyle. "I have Social Security and a pension, but the loan makes the difference between go-go and no-go," says Stewart. "The money was just

sitting in the house, doing nothing. I can't take it with me so I might as well enjoy it while I can."

When Stewart first heard about a reverse mortgage, he checked with people he trusts – "my bank, the guy who does my income tax, my insurance agent" – to "get a feel for whether it was legitimate or not." Assured that it was, he called Financial Freedom Senior Funding

Corporation. "They're nice people to deal with," Stewart says. "They come to your house, explain everything, don't rush you into anything. They want you to understand what it's all about before you go into it."

Stewart owns a three-bedroom, two-bath house where he lives with "a cat and a couple of cars." The 35-year-old house was owned free and clear when Stewart decided to pursue his travel dreams. The house was appraised at about \$200,000, his reverse mortgage is 80 percent of that, and under the

"I HAVE SOCIAL SECURITY AND A PENSION, BUT THE LOAN MAKES THE DIFFERENCE BETWEEN GO-GO AND NO-GO," SAYS STEWART. "THE MONEY WAS JUST SITTING IN THE HOUSE, DOING NOTHING. I CAN'T TAKE IT WITH ME SO I MIGHT AS WELL ENJOY IT WHILE I CAN."

— Bill Stewart

Financial Freedom Plan, "I get about \$570 a month for the rest of my life. I think it's absolutely fantastic," Stewart declares.

Stewart, a Navy gunner at age 19, spent most of his civilian career as an aerospace engineer. He retired at 62 after undergoing quadruple bypass surgery. "Back then, they gave you only five years after surgery like that, but here I am," Stewart exclaims. He had a heart attack a year ago, landing him in the hospital for six days. "I've only got one functional artery but it's not going to keep me down," Stewart says. Sure enough, a month after his release from the hospital, Stewart was off on a cruise to Alaska.

To help stretch his finances, Stewart became a professional courier. It lets him travel more at reduced cost. "When I want to go somewhere, I find out if companies need couriers to deliver things. They pick up most of my travel expenses."

All the while, he's assured that his reverse mortgage will provide continuing support. "The worst thing that can happen is that if I live too long, there may not be a whole lot of equity left in the house, but that doesn't make any difference. My son is a doctor and he doesn't worry about what he's going to get out of it," says Stewart.

So Stewart keeps moving, happily. He's looking for someone to travel with him on an 11-day "millennium cruise" departing from Los Angeles on December 27.

Interested?

Bring your dancing shoes. **RMA**

Margaret Kent

CHICAGO, ILLINOIS

Margaret Kent was so pleased with the way American Senior Income Reverse Mortgage Corporation helped solve her financial problems that she went to work for the company. Six hours a day, she is on the telephone from her home, sharing her experiences with other seniors and educating them about reverse mortgages.

"She volunteered to talk to people, and with her

permission we publish her phone number in our basic literature that goes out to everyone," says Senior Income President Steve Baer. Sometimes Kent "gives a little testimonial" at seminars the company holds in the Chicago area, he explains, adding,



Margaret Kent

"She was such a glowing endorsement that we decided to make her our goodwill ambassador."

Kent says she was doing just fine financially until a local utility company in which she held many shares of stock suddenly reduced its dividends by almost half in 1992, severely cutting her income. "I lost my income for my house, taxes, insurance for my car, house insurance, very expensive heart medication, and other charge card bills," Kent says. "I was on the verge of losing my home. I had bought this stock for retirement income, and you know, if you are 71 or 72 years old, how do you make that up?"

Another banker referred her to Baer, and Kent quickly obtained an FHA Home Equity Conversion Mortgage through Chicago-based Senior Income. "I received a lump sum of money upfront to pay off my existing bills," says Kent, who also began receiving monthly checks. In 1996, she refinanced the mortgage - "I re-reversed it," she says - to improve her house with new flooring, insulation, wallboard, and paneling.

Kent divorced at 33 and has never remarried. She worked many years for Continental Can Co., saved money, and paid cash for her first house. "I've been taking care of myself by myself since I was 33," says Kent, now 78.

She sold her first house and moved to Florida, thinking the warm weather would be better for her. She has "a bad heart" and rheumatoid arthritis, but "I don't give in to either of them," Kent says. But Florida "wasn't right for me," so she sold her house there, returned to Chicago, and bought the home she says

she would have lost if Senior Income had not "come to my rescue through the reverse mortgage."

Three Siamese cats share the home with Kent. "They love me dearly and I love them as well, and they keep me quite busy," she says. When other seniors ask her why she needed a reverse mortgage, "I always tell them, 'Well, I have these three cats and I have to keep them in the style to which they are accustomed,' and that makes them laugh," Kent relates. "And then I tell them about losing money on the stock."

She says she is forever grateful to Baer and Senior Income "for helping me and saving my house." "...The company has turned out to be even more than I ever dreamed it would be," Kent exclaims. **RMA**

Elso & Dorothy Balocca

TRUMBULL, CONNECTICUT

Elso and Dorothy Balocca loved living on Cape Cod in Massachusetts. "God's country," Elso calls it. After a career in the wholesale meat business in New York - Elso spent much time in a refrigerated meat locker, isolated from the world around him - they moved north in retirement to a vacation property they'd bought years earlier.

There, Elso got a "great job," working outside from May to November on the Cape Cod National Seashore. "Here was a guy who had been locked away inside a refrigerator most of his life," Elso says. "Now I've got a pickup truck and I'm doing maintenance work on the beaches - sweeping sand, painting, fixing the fence. What could I want better than that?"

Then Dorothy suffered a heart attack and, at 72, Elso retired a second time. "She needed me at home," he says. "Otherwise I'd still be working." Later, Dorothy had open heart surgery and Elso had a kidney removed. Today, Elso is 83 and Dorothy is 81 and, he says, while they regretted leaving Cape Cod, "we realized we'd like to be closer to our family."

BORROWER PROFILES, *continued on page 14*

One son lives in Trumbull and a second in Connecticut as well (their third is in Oregon). "I hesitated moving down here because the cost of living is so much higher, and I don't have a big company pension," says Elso. The son in Trumbull – Charles, a senior executive with a New York bank – suggested that Elso tap the equity in his home through a reverse mortgage. So Elso and Dorothy sold their Cape Cod home and bought another for \$179,000 in a retirement community only a half-mile from son Charles and his children.

Charles introduced his parents to BNY Mortgage Company, which offers reverse mortgages. "I was hesitant at first," says Elso. "I was raised as a teenager during the Great Depression and I didn't want to think of going into something like that. But it sounded good." Now he is convinced that reverse mortgages are sound.

Elso and Dorothy took out a Fannie Mae Home Keeper mortgage with a line of credit and put \$6,000 from the \$92,000 net principal into a separate bank account. "I only go to it at the end of the month if I can't meet my bills," Elso explains. "It helps knowing you have this money here. You can take what little you need as you go along."

With the comfort of financial security, Elso and Dorothy are enjoying their new home. "It's a beautiful little village," Elso says. "We have a deck and a beautiful view of the pine trees and the countryside. But I can walk up the hill just two blocks to a shopping area and a bank and a library and the town hall. Everything is right there. In other words, we're at the hub of the universe!" Further, "we have a lot of people around us who are our own age." And his son and four grandchildren are a half-mile away.

"I've done a little gardening," Elso says. "I planted some flowers, put a little grass seed on the bare spots. We've been exploring, too. We've explored all the stores, and once or twice a week we go out for lunch."

But Elso and Dorothy still miss Cape Cod. "So we're going to start exploring how far we are from the beaches," Elso says, "and find a few spots that we like, pack a picnic lunch, and spend a couple of hours by the water and watch the boats." **RMA**

Santorum (R-PA) has shown an interest in H.R. 1776 and may introduce a bill later. A summary of H.R. 1776 can be found online at <http://www.house.gov/banking/hr1776ss.htm>.

TEXAS AMENDS HOME EQUITY LAWS

Texas lawmakers on May 31 passed a bill (S.J.R. 12) that is designed to stimulate the reverse mortgage market in the state. The legislation would amend the state constitution to permit reverse mortgages in conformance with guidelines developed by HUD and Fannie Mae. Texas voters must approve the amendment in a state ballot referendum set for November 2, 1999 in order for the changes to take effect January 1, 2000.

SJR 12 would clarify that a lender can call a reverse mortgage loan due and repayable if the borrower dies, ceases to occupy his/her home for more than 12 months, commits fraud, or fails to maintain the priority status of the lien and repair and maintain, pay taxes on, and insure the property. The bill would also close a loophole that currently permits elderly borrowers to leave their home and still receive loan payments as long as they inform the lender of their whereabouts.

The existing state constitution doesn't directly bar lenders from making reverse mortgages. But HUD and Fannie Mae have refused to insure and/or purchase loans from Texas because of restrictions imposed by the state constitution. HUD and Fannie Mae have pledged to start doing business in Texas if SJR 12 is approved by voters.

Unfortunately, House lawmakers killed key provisions in the original Senate bill that would have permitted reverse mortgages with a line of credit payment option and the use of reverse mortgages to buy homes. As a result, the legislation would permit reverse mortgages only with monthly income or lump sum payment options.

Ken Scholen, Director of the National Center for Home Equity Conversion, supports SJR 12 but isn't sure whether Texas voters will approve the fall referendum question. He said it remains to be seen whether the Texas chapter of AARP – which favored allowing lines of credit – will throw its weight behind the referendum. →

→ The text of SJR 12 can be found online at <http://www.capitol.state.tx.us/tlo/billnbr.htm>.

HUD ISSUES APPRAISAL GUIDELINES

HUD on June 10 announced a new Homebuyer Protection Initiative that will require appraisers to conduct more thorough examinations of homes financed with FHA mortgages, including the use of a new revised three-page valuation condition (VC) sheet that will require describing the physical condition of a home in unprecedented detail.

HUD will distribute a handbook to appraisers explaining the new appraisal standards. The Department said it will release the revised VC sheet and a new FHA mortgagee letter detailing the standards in a few weeks. All HUD-approved appraisers, including those licensed under the HECM program, will have to use the new VC sheet.

Areas subject to more thorough exams will include: problems with plumbing, walls, ceilings, roofs, foundations, basements, electrical systems, and heating and air conditioning systems; soil contamination; the presence of wood-destroying insects; hazards and nuisances near homes, such as oil and gas wells; and lead-based paint hazards.

In addition, starting August 1, all HUD-approved appraisers will be required to take a test to demonstrate whether they know and understand FHA appraisal requirements. Local HUD field offices will call appraisers to schedule exam dates. A HUD spokesman said appraisers must pass the test by February 1, 2000, to remain on the agency's certified appraiser list. "There's no limit on the number of times an appraiser can flunk the test but they must pass it by February 1," the spokesman added.

The Homebuyer Protection Initiative is designed to protect consumers from buying homes with major undetected defects. At the same time, the Department wants to avoid costly mistakes from insuring loans on homes with defects.

Under new initiative, HUD also will:

- Conduct a nationwide education campaign on appraisals and inspections with the Mortgage

Bankers Association of America and National Association of Realtors;

- Require mandatory disclosure of detected home defects to homebuyers;
- Implement an automated appraisal system that will allow the agency to collect appraisal data and track trends in appraisal quality; and,
- Beef up enforcement actions and suspend poorly performing appraisers.

FANNIE MAE ISSUES NEW GUIDELINES

On May 7, 1999, Fannie Mae issued a new set of origination guidelines to all its seller-servicers that originate FHA-insured Home Equity Conversion Mortgages and Fannie Mae Home Keeper loans. Reverse Mortgage Letter 1999-6 limits origination fees on all HECM loans sold to Fannie Mae to no more than the greater of \$2,000 or 2 percent of the maximum claim amount, and requires lenders to use the Fannie Mae Reverse Mortgage Assistant Software — or similar software — to show a borrower the costs and payouts under the HECM and Home Keeper options.

The letter also includes consumer protection language to safeguard senior citizens from abusive lending practices. For example, seller/servicers must conduct a background check of each source it has received at least five loan referrals from during the previous 12 months "to determine that the referral entities are reputable," Letter 1999-6 adds. To prevent refinancing abuses (i.e. "churning and "loan flipping"), seller/servicers must provide evidence that they explained the costs of a refinancing to the borrower.

Several NRMLA members have criticized the new requirements, especially the fee restrictions imposed by Fannie Mae, arguing that the HECM origination fee should be raised so that lenders can make a profit.

Fannie Mae has expressed a willingness to possibly amend certain sections of Letter 1999-6 and NRMLA is currently drafting a memo with suggested changes to improve the guidelines. **RMA**



■ **Cole Taylor Bank**
Cole Taylor Bank (CTB) is the largest independently-owned bank in the Chicago metropolitan area. CTB started originating HECMs roughly one year ago and Home Keeper loans two

years before that. Roughly 85 percent of the loans Cole Taylor originates are HECMs, while the balance are Home Keeper loans. Cole Taylor normally closes around five reverse mortgage loans a month. For more information about CTB's program, call Tom Goettsch at 708-857-4361.

■ **Richfield Bank & Trust Co.**

Located in the Minneapolis suburb of Richfield, MN, Richfield Bank & Trust has originated reverse mortgages for more than 20 years. In 1978, Richfield launched a proprietary reverse mortgage product called the HomeStay loan. The HomeStay is a 10-year, fixed-rate loan that offers senior citizens either a lump sum payment or monthly installment plan. "The HomeStay is due at the end of 10 years, so the home must either be sold or the borrower must find some other way to pay us back," said Joan Berglund, who runs the bank's reverse mortgage division. "The loan limit is based on 80 percent of the home's appraised value." In addition to the HomeStay loan, Richfield also originates HECMs. Each month, the bank closes roughly 5 HECMs, in addition to one or two HomeStay loans. The bank is only licensed to offer reverse mortgages in the state of Minnesota. To learn more about Richfield Bank, call Joan Berglund at 612-798-3339.

■ **Fidelity National Title Insurance Co.**

Sacramento, CA-based Fidelity National Title Insurance Company is one of the nation's largest real estate service companies, providing title insurance

and escrow services in 49 states, the District of Columbia, Puerto Rico, the Bahamas, and the U.S. Virgin Islands. Fidelity offers a full range of title products, including real estate tax services, traveling signing services, nationwide closing services, flood certifications, and others. To learn more about the company, visit Fidelity's Web site at <http://www.fntic.com> or call Carin Bucklin at 916-386-4000.

■ **Safeway Mortgage, Inc.**

Located in Smyrna, GA, Safeway Mortgage, Inc. is owned and operated by founder Dennis L. Pigg Sr., who has been in the consumer finance business since 1964. Safeway closed its first reverse mortgage loan in November and started actively market-

ing both HECM and Home Keeper loans in January. Since the beginning of the year, Safeway has closed roughly 15 loans. "We have done mostly HECMs, but we are going to alter our marketing strategy a bit because I want to start doing more Home Keeper loans," Pigg said. Safeway Mortgage also is developing a referral network for NRMLA members. "Safeway is only licensed in the state of

Georgia but we get a lot of calls from borrowers living in adjoining states," he added, "so what we have started doing is referring these people to NRMLA members operating in those states. That way we are helping our fellow members and promoting the product at the same time." To learn more about Safeway, call Dennis Pigg at 770-434-9486.

■ **Allied Mortgage Capital Corp.**

Based in Houston, TX, Allied Mortgage Capital Corp. originates HECMs and HomeKeeper Loans in roughly 40 states. To find out more information on Allied Mortgage, call Angelo Garcia at 505-299-6300.

■ **Rhode Island Housing and Mortgage Finance Corp.**

The Rhode Island Housing and Mortgage Finance Corp. (RIHMFC) is the sole originator of reverse mortgages →

THE NATIONAL
REVERSE MORTGAGE
LENDERS ASSOCIATION
HAS ADDED 11 NEW
MEMBERS SINCE
JANUARY 1, 1999.

→ in the state of Rhode Island. The company started originating HECMs in 1989. In addition to originating reverse mortgages, RIHMFC offers financing for first-time homebuyers and assists in the construction and renovation of affordable rental housing projects assisted by the low-income housing tax credit. To learn more about Rhode Island Housing's reverse mortgage program, call Brenda Taylor at 401-457-1257.

■ **Amston Mortgage Company, Inc.**

Located in Colchester, CT, Amston Mortgage Company, Inc. has originated both HECM and Home Keeper loans since October 1996. Each loan that is closed by Amston is immediately sold to Unity Mortgage Corp., Atlanta, the nation's top originator of HECM loans. Amston is licensed to do business in Connecticut, New York and Massachusetts. To learn more about the company, call Todd Walters at 860-365-0000.

■ **Ridgefield Bank**

Founded 127 years ago, Ridgefield Bank is a \$400 million asset institution located in the town of

Ridgefield, CT. In addition to reverse mortgages, the bank also originates consumer loans, first lien mortgages, construction mortgages, and home renovation products. To learn about the bank's reverse mortgage program, call William Calderara at 203-438-6518.

■ **American Annuity Group**

Based in Cincinnati, OH, American Annuity Group markets retirement products (traditional fixed, equity-indexed, and variable annuities) through its wholly-owned subsidiaries: Great American Life Insurance Company (GALIC); Annuity Investors Life Insurance Company; and Retirement Resource Group, Inc. To learn more about the AAG's products, call Keith McClure at 513-412-1721. **RMA**



- Darryl Hicks

PRESIDENT, *continued from page 11*

istic level of origination fees that can be financed by loan proceeds. The prospect of a joint letter from the two major stakeholder groups in reverse mortgages – AARP and NRMLA – was very exciting. It would have been a powerful political statement.

In the end, AARP backed down. Historically, they have shied away from signing on to joint letters with just about anyone. While they gave serious consideration to the idea this time, in the end, they decided to abide by their own precedent and send a letter to Secretary Cuomo on their own. That letter, however, to a large extent, reflected concerns on topics voiced by our members in conversations with AARP's representatives over the past year.

NRMLA similarly sent letters on our own to HUD on the same set of topics.

While the specific language in the letters sent by each group varies somewhat, the underlying issues raised are "in synch." The political significance will

not be missed at HUD. Essentially, each group is saying that we recognize that lenders must work with consumer advocates, AARP, counselors, and HUD to make sure that reverse mortgage clients are treated fairly and fully comprehend the transactions that they enter into. We also recognize (and urge HUD to accept) that lenders must also be treated fairly and be able to collect a fee for originating reverse mortgages that accurately reflects the costs incurred in creating these loans.

Advocacy for higher financeable fees for lenders by a major consumer organization is a rare occurrence and one that only comes about as a result of NRMLA's frank and candid dialog with AARP. By working in partnership with consumer organizations, and acknowledging and addressing their concerns, we are able to enlist their support for achieving our objectives. This is an example of a public-private partnership working at its best. **RMA**

1999 NRMLA Activities

SEPTEMBER 8-9

Board of Directors Meeting

Washington, DC

NOVEMBER 11-14

1999 Annual Meeting

Naples, FL

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NRMLA NEWS, continued from page 3

said Craig Corn, of Lehman Brothers' mortgage-backed securities division. "Lehman Brothers has determined the reverse mortgage market to be an arena of potential growth in the MBS sector."

Financial Freedom and Lehman plan to securitize the portfolio of jumbo loans in the next 30 days. Quantum Financial Corp., Northfield, IL, acted as Financial Freedom's advisor in evaluating the Transamerica acquisition and the securitization of the loans.

Financial Freedom is now licensed to service reverse mortgages in 35 states overall, including New York and Florida, which have large senior populations. Until now, Financial Freedom originated reverse mortgages – including HECMs, Home Keeper loans, and its own proprietary jumbo mortgage product, called the Financial Freedom Plan – in only six states: Arizona, California, Colorado, Nevada, Utah, and Washington.

James Mahoney, of Financial Freedom, noted that Financial Freedom will be expanding its retail presence into 12 additional states over the coming months. "Eventually, we want to be originating reverse mortgages in all 50 states," he said.

Mahoney told the *Reverse Mortgage Advisor* that the acquisition of Transamerica HomeFirst will expand his company's work force by more than 40 percent to 75 employees.

"We saw this as an opportunity to become a national company," Mahoney added. "Transamerica HomeFirst has a high-quality servicing operation that will be an excellent platform on which we can add products and expand geographically."

Transamerica HomeFirst, a subsidiary of financial services giant Transamerica Corporation, started offering reverse mortgages in 1993.

However, THF exited the reverse mortgage market in July 1998 to concentrate on selling life insurance products and on commercial lending, although the company continued to service its portfolio. Parent Transamerica Corporation was bought by Dutch insurance company Aegon NV for \$10.8 billion in February.

Financial Freedom is a subsidiary of MRCo, Inc., a member of the ULLICO, Inc. group of companies, a diversified financial services corporation in Washington, DC, specializing in investment services, insurance and benefits administration. **RMA**

- Darryl Hicks

Briefs

Lenders List Posted on Web Site

NRMLA has added a new consumer feature to its Web site, a state-by-state list of lenders that offer reverse mortgages. Those listed are members of NRMLA. The list shows the members that offer reverse mortgages in each state, the types of reverse mortgages they offer, and contact information. NRMLA's Web site address: <http://www.reversemortgage.org>.

Wendover Wins Servicing Contract

Wendover Financial Services Corporation recently won a contract from HUD to service the Department's portfolio of Home Equity Conversion Mortgages (HECMs) through Fiscal Year 1999. The portfolio includes HECMs put back to HUD. (When the size of a HECM reaches 98 percent of the FHA maximum claim amount, the lender may put the mortgage back to HUD. Fannie Mae requires its seller-servicers to do so at such point.) Wendover's Mike Hyman said the portfolio currently has more than 100 loans but added that it will grow over time. HUD issued a solicitation for bids for the contract earlier this year. **RMA**