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NRMLA RESPONDS TO WELLS FARGO HOME MORTGAGE ANNOUNCEMENT

Washington, DC – June 16, 2011 – Statement from Peter Bell, President of the National Reverse Mortgage Lenders Association, regarding Wells Fargo Home Mortgage announcement to discontinue reverse mortgage lending:

“Reverse mortgages and HECM loans are readily available to seniors as an important tool to help them stay in their homes while using it to fund their longevity. The decision by Wells Fargo that it will no longer originate new reverse mortgage loans does nothing to change this. In addition, all current Wells Fargo reverse mortgage borrowers will continue to be serviced and funds made available.

Demand for HECM loans remains strong. In fact, the HECM program has evolved to meet the changing economic times with the recent introduction of the HECM Saver, a new product that reduces costs and increases consumer protections. The HECM Saver has been embraced by consumers, and grown steadily since its launch.

NRMLA has been working with HUD to develop and implement procedures to undertake a financial assessment of prospective borrowers' income and expenses to determine their ability to pay taxes and insurance charges after obtaining a HECM or to establish a set-aside of funds to pay such charges. It is anticipated that the Department will be issuing a rule change in the future to provide HECM lenders with the discretion to make these necessary underwriting changes.

NRMLA will work with all member institutions to ensure the industry has the capacity to process loans for seniors who need them. The HECM program remains a relevant tool to help seniors fund longevity, while staying in their homes. HECM loans are insured by the Federal Housing Administration, and are replete with consumer safeguards. Additionally, the Federal Government insurance guarantees funds will always be available to borrowers, and limits their exposure to the market value of the home.

Wells Fargo Home Mortgage will be missed by the industry. The reverse mortgage professionals at Wells Fargo have been good corporate citizens, sharing knowledge, business insight, and educational resources. We wish them all the best as they transfer to new opportunities.”

About Reverse Mortgages:

Reverse Mortgages are available to seniors 62 years-old and older with significant home equity. They are designed to enable elderly homeowners to borrow against the equity in their homes without having to make monthly payments as is required with a traditional "forward" mortgage or home equity loan. Under a reverse mortgage, funds are advanced to the borrower and interest accrues, but the outstanding balance is not due until the last borrower leaves the home, sells or passes away. Borrowers may draw down funds as a lump sum at loan origination, establish a line of credit or request fixed monthly payments for as long as they continue to live in the home.

About the National Reverse Mortgage Lenders Association:

The National Reverse Mortgage Lenders Association (NRMLA) is a membership organization comprised of over 300 companies and more than 1,000 people participating in the reverse mortgage industry. NRMLA serves as the national voice for the reverse mortgage industry. It serves as an educational resource, policy advocate and public affairs center for lenders and related professionals. NRMLA was established in 1997 to enhance the professionalism of the reverse mortgage business.

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