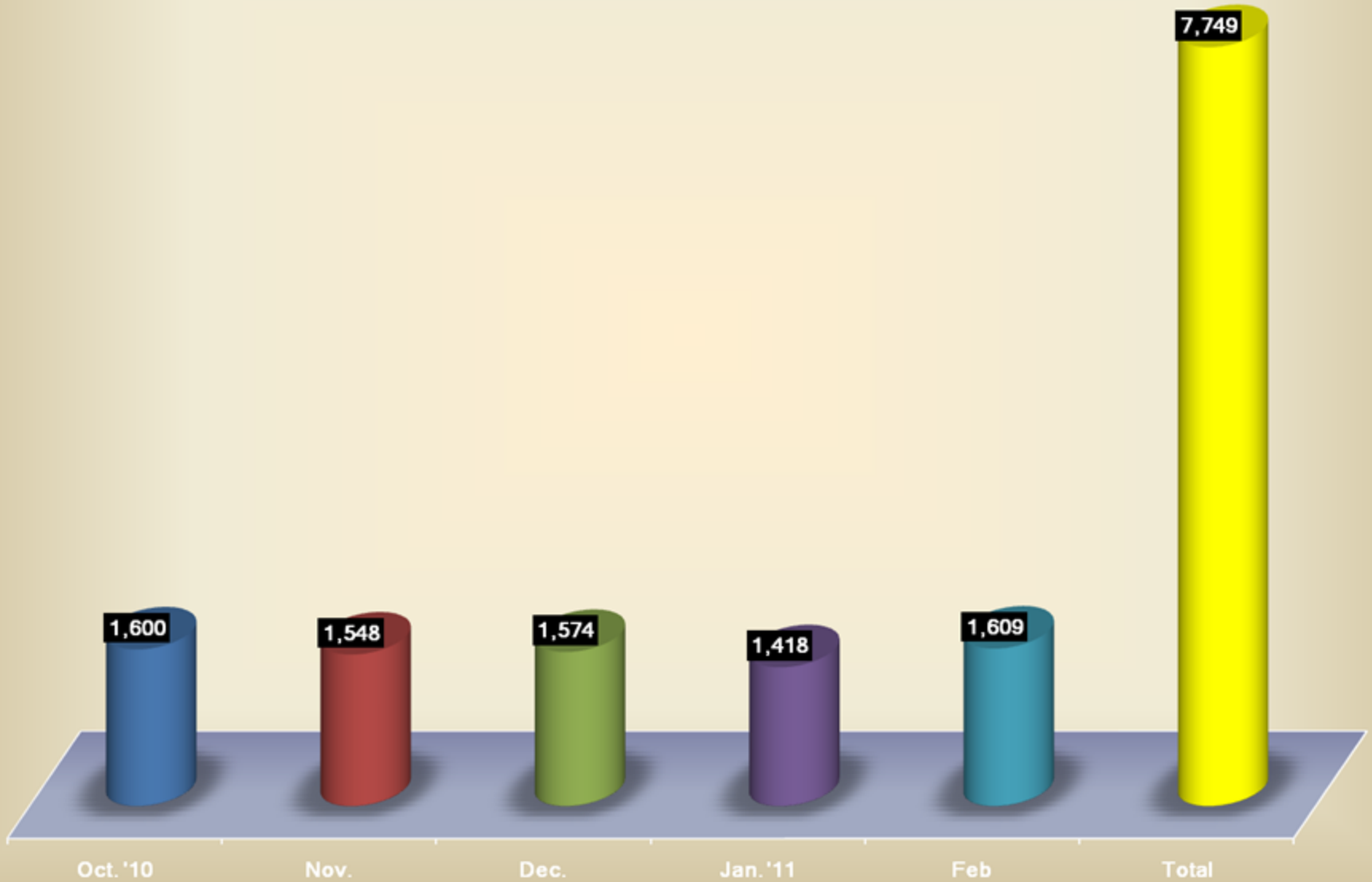


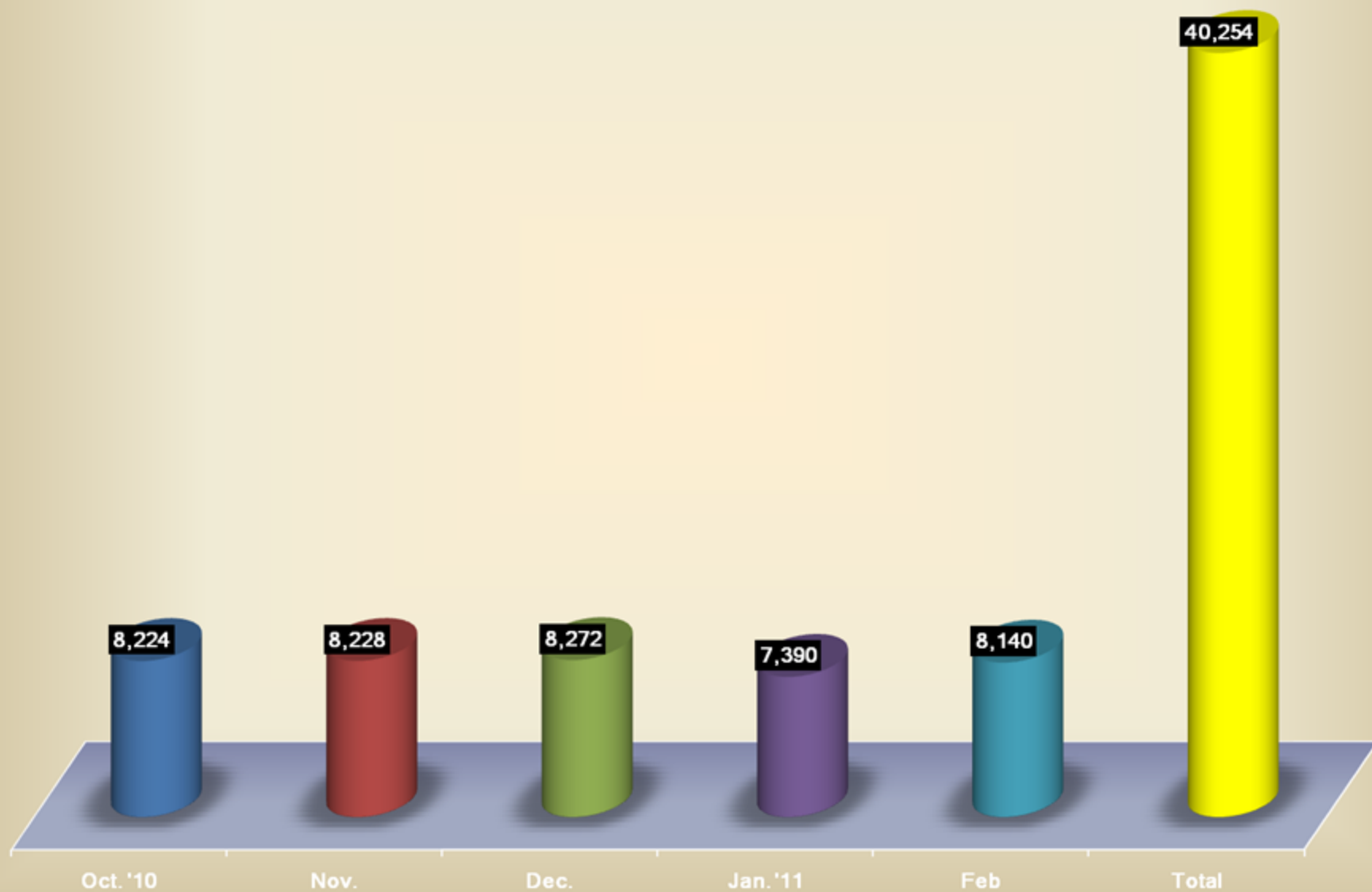
FHA Update
Santa Ana Homeownership Center

Esther Yamashiro
Processing & Underwriting Division
Dan Mooney
Quality Assurance Division

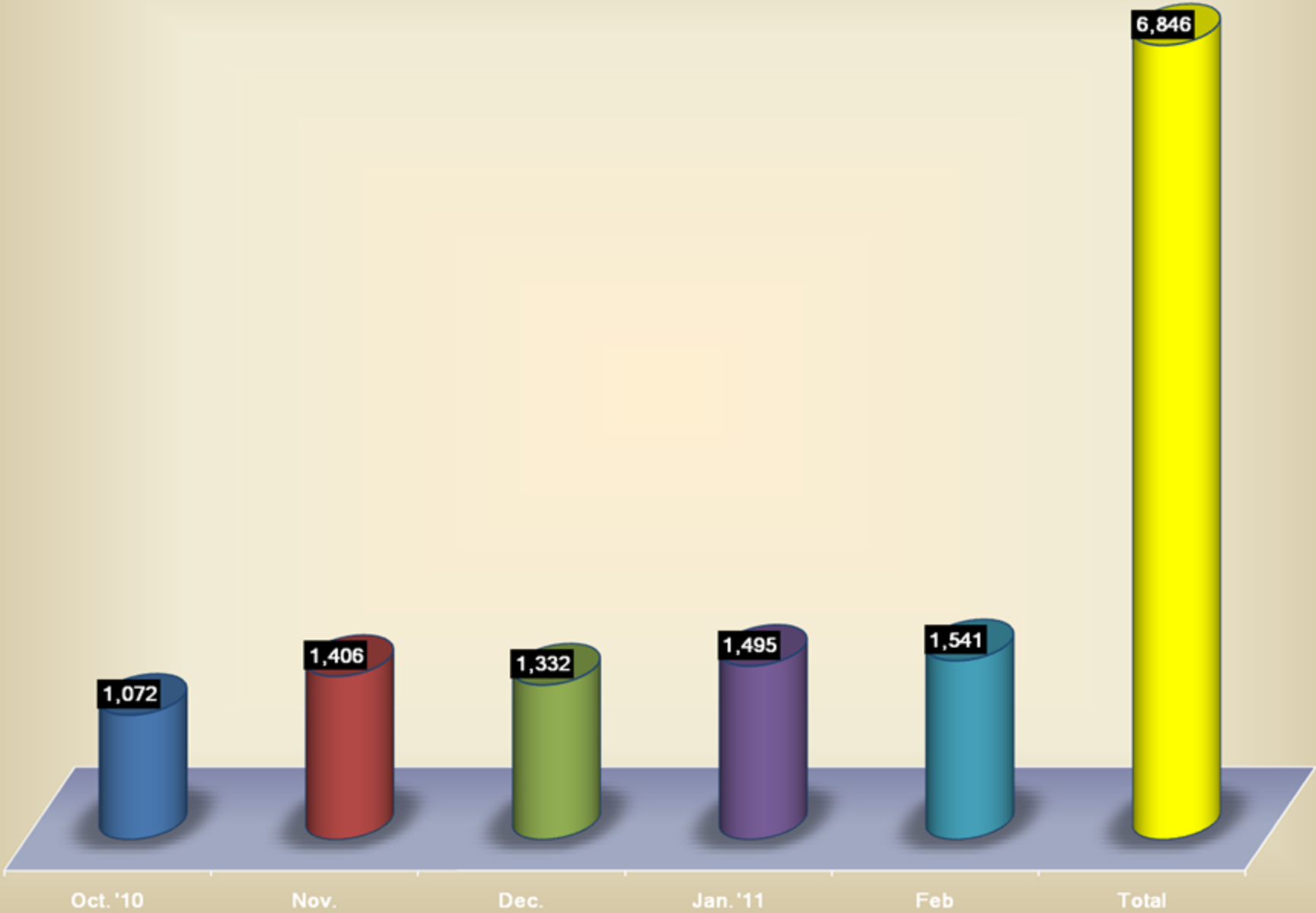
SAHOC HECM CASE NUMBERS ASSIGNED IN FY 2011



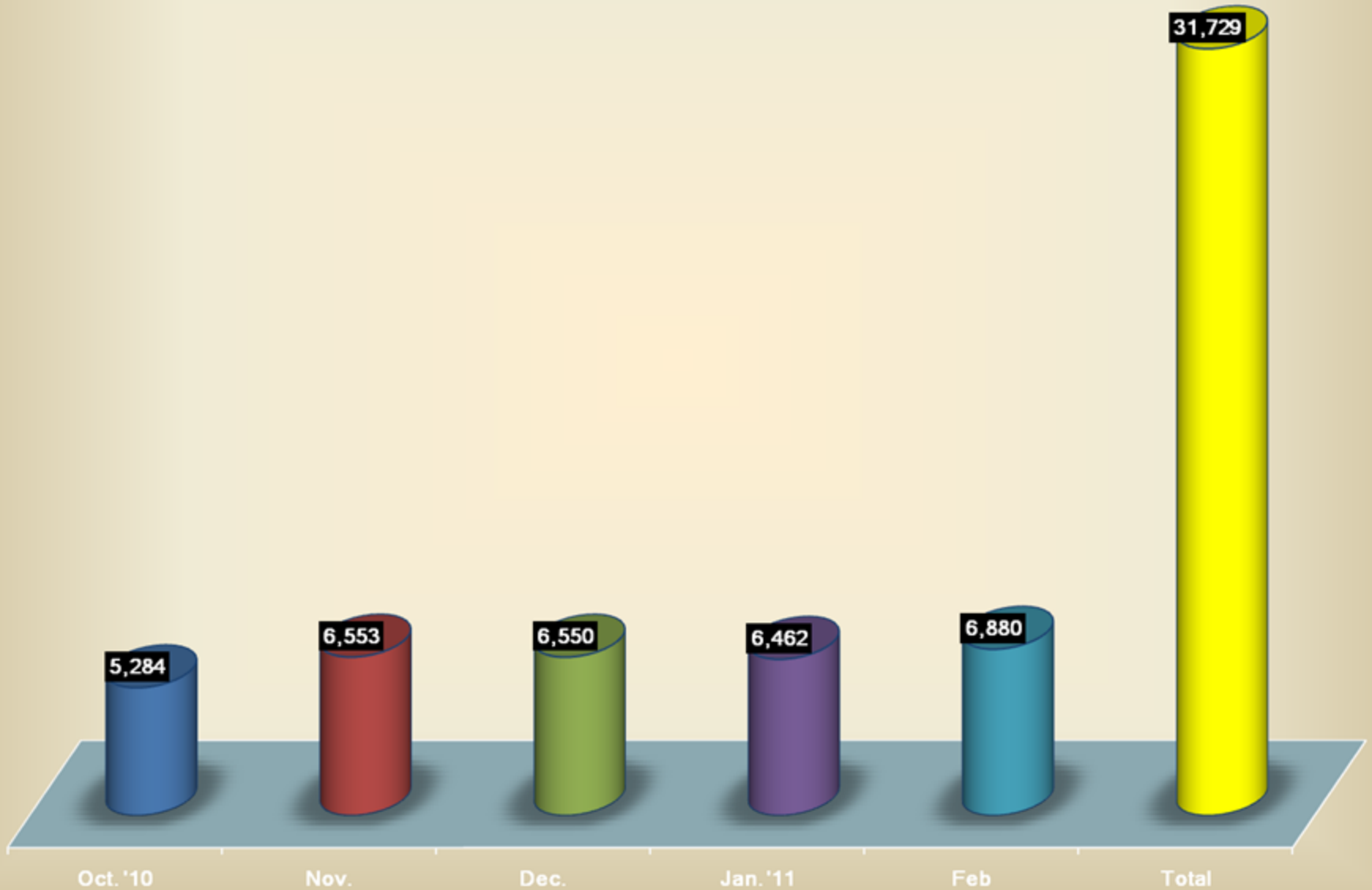
NATIONAL HECM CASE NUMBERS ASSIGNED FY 2011



SAHOC HECM ENDORSEMENTS FY 2011



NATIONAL HECM ENDORSEMENTS FY 2011



Pre-Endorsement Issues

- Common missing documents
 - Notice to Borrower
 - 2nd TD Note and Loan Agreement with ORIGINAL signatures
 - CAIVRS print-outs
 - Flood Cert and Evidence of Flood Insurance if applicable.

Post Endorsement

- Occupancy
 - Questionable occupancy
 - Prior addresses reflecting current reporting dates
 - “His” and “Hers” separate residences
 - PO Box addresses not explained
 - Discrepancies between subject property and mailing address
 - Already have an FHA-insured mortgage
 - AKAs with an FHA-insured mortgage

Disclosures and Documents

- Ensure disclosures are accurate
 - Do they reflect the reality of the transaction?
 - Were re-disclosure requirements satisfied?
- Payment Plans and HUD-1's
- Correct Vesting (Oh...You'd be amazed!)
- Did the right folks sign the right documents?

Post Endorsement

- HECM for Purchase
 - Assets required for closing are not documented appropriately
 - Financial capacity
 - Subject property plus vacating residence obligation
 - Tax returns for existing rental properties
 - Failure to disclose ownership of other properties
 - Highlights possible occupancy issues

NMLS & the SAFE Act

- Licensing and Registration
 - QAD checks all originators for any mortgagee
 - QAD requires sponsoring mortgagees check TPOs
 - Yes...We check that “they” check
 - Areas Approved for Business
 - Institutions
 - Direct Lending & Staffing Concerns
 - Individual Originators
 - Can I originate in That State?

Industry Consolidation

“And then there were...” or “Where’d everybody go?”

- Many Companies have left the business
 - 47% decline in “active lenders” year over year *
 - Medium sized lenders “absorbing” smaller
 - Caution: Beware the “net branching” temptation
- Origination Distribution
 - Increasing concentration of retail originations within top ten companies (Jan 2010: 40.5%; Dec 2010: 64.7% *)
- Risk vs Reward equation for FHA

(* Source: Reverse Market Insight)

Counseling Issues

- Steering by Originators
 - Borrower responses indicate frequent steering
 - SAHOC QAD reviews of lenders routinely uncover violations of FHA's anti-steering policies
- Provide Proper HCA Information
 - Data Integrity (FHAC vs Actual information provided to applicants)
 - 4 Intermediaries (There are ONLY four...Really!)
 - 5 “Local” Agencies

Valuation Issues

- Pre-Appraisal Services
 - Who pays?
 - “Desk Appraisal” as an estimating tool
 - Treat it like an AVM...NO additional cost to borrower
(See ML 2006-25)
 - Repair Waivers
 - Underwriter’s decision
 - Not applicable to “automatic” repairs (ML 2005-48)
 - Properties must meet MPR/MPS (4905.1 / 4910.1)

Living in a TPO World

- Some “absorption” being seen
 - There’s that “net branching” thing again
- A New “Food Chain”
 - Sponsoring mortgagees monitor their TPO’s
 - You’re marching to their drumbeat now
 - FHA monitors approved mortgagees
 - QC Plan and Process must specifically address TPO’s
 - Mortgagee’s QC reports must reflect TPO oversight
 - Mortgagee is responsible for ALL actions, policies, procedures, etc. of their TPO’s (Including advertising)

Advertising
at it's
“Best”?

HUD Regulations – Where Does It Say?

Helping Families Save Their Homes Act of 2009

- Expands HUD's authority to address and sanction misleading advertising practices
- Prohibits the use of terms and acronyms that would give the impression that the advertisement was issued or sponsored by the Government
 - Federal Housing Administration - FHA
 - Department of Housing and Urban Development - HUD
 - Government National Mortgage Association - GNMA

HUD Regulations (Cont.)

Helping Families Save Their Homes Act of 2009

- Prohibits the fraudulent or “wrongful” use of any official seal or logo of the Department of HUD
- Allows HUD to impose sanctions on any person, company, firm, or business, not only FHA-approved lenders
 - Sellers of Real Estate
 - Closing Agents
 - Title Companies
 - Real Estate Agents
 - Mortgage Brokers
 - Dealers

Common Violations

- Improper use of the HUD or United States seal
- Simulated Government notices and seals
 - Official looking mailers
- Using fictitious company names (unregistered)
- Failure to identify sending party
- Failure to register DBA's with the Department
- Misrepresentation of the requirements and/or benefits of the HECM program
 - It's a Loan NOT a "Benefit" Program

Sanctions and Administrative Actions

- Cease and Desist Letters
- Civil Money Penalties
- Withdrawal of FHA approval
- Referrals:
 - Mortgagee Review Board (MRB)
 - Office of the Inspector General (HUD OIG)
 - Department of Justice
 - Federal Trade Commission
 - State regulatory agencies

Reverse Mortgage Program / Lender Name

Address of Sender



Recipients Name
Address of Recipient

Reverse Mortgage Guaranty Number: 601-242008

Original Loan Date: 12/31/2003

Attn: Recipient Name

Take Advantage of New Reverse Mortgage Benefits!

The FHA has increased your ability to leverage your home's equity by increasing the Reverse Mortgage loan limit. Current high home values and low interest rates make the present an optimal time for homeowners to refinance their current Reverse Mortgages. By doing so, you can usually put yourself in a better financial position and increase your cash available.

Recognizing the benefits that seniors can reap by refinancing a Reverse Mortgage, the U.S. Department of Housing and Urban Development has implemented a new regulation that makes it less costly for homeowners to refinance an existing Reverse Mortgage.

It now makes more sense than ever to refinance your current Reverse Mortgage. You can:

- Increase your monthly income
- Pay off debt
- Make additional home improvements

We urge you to contact our offices immediately to take advantage of these changes and ensure you are maximizing the full value of your Reverse Mortgage. Program counselors can be reached directly toll-free at:

1-877- Telephone Number

Sincerely,

Signature Stamp

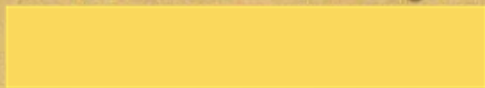
Typed Name

Director, Reverse Mortgage Programs

www. Web Site Name .com

Licensing Information for Multiple States

Government Loan Programs



Official Business
Penalty for Unauthorized Use, \$300

Package RM 443



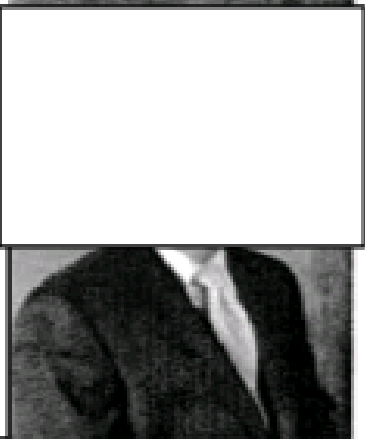
REVERSE MORTGAGE INFORMATION ENCLOSED



FWD

94080%3162

From: [redacted]
Sent: Tuesday, June 08, 2010 5:56 PM
To:
Subject: [redacted] Reverse Mortgage



LOS NAME [redacted]

1 888 [redacted] Toll Free

Hi XXX,

Have you done your counseling yet ?

Everyone who applies for a reverse mortgage must speak to a counselor. It is done on the phone. Just call 1 888 [redacted] to schedule your appointment. There is an \$89 charge. Please **tell the counselor to fax me a copy of the counseling certificate.** My fax number is [redacted]. They can also email it to me.

The government will be changing the reverse mortgage program to give people **less** money and **increase the costs** in the next few months, so we will have to begin soon to get you the most amount of money.

I'll call you tomorrow !

FHA came out with new guidelines for reverse mortgages on October 4th 2010!

If you just recently did a reverse mortgage and closed before October 4th your reverse mortgage is based on the old guidelines and as a result, you can take advantage of the new guidelines at \$0 costs! These new guidelines can allow you to get up to an additional \$40,000 more cash out than the previous guidelines at a fixed interest rate of only 4.99% with \$0 closing costs.

Find out how much you can save 

These rates will not last so call for a **FREE** quote today.

Name of Sender Inc.

Home Loans

 Real Estate Broker-CA Dept. of Real Estate License #

800-

A+ Rating with



Address of Lender

Equal Housing Lender
Permit #

- Get up to an additional \$40,000 cash out
- Lock in at 4.99%
- \$0 closing costs if you call before ~~12/15/2010~~ 1/31/2011

These rates will not last so call for a **FREE** quote today.
800-

Name of Lender/Sender Inc.

Home Loans

 Real Estate Broker-CA Dept. of Real Estate License #

Name
Address
City, ST Zip Code

RE: **Name of Lead's Current Lender**

BUSINESS MAIL - PENALTY FOR TAMPERING

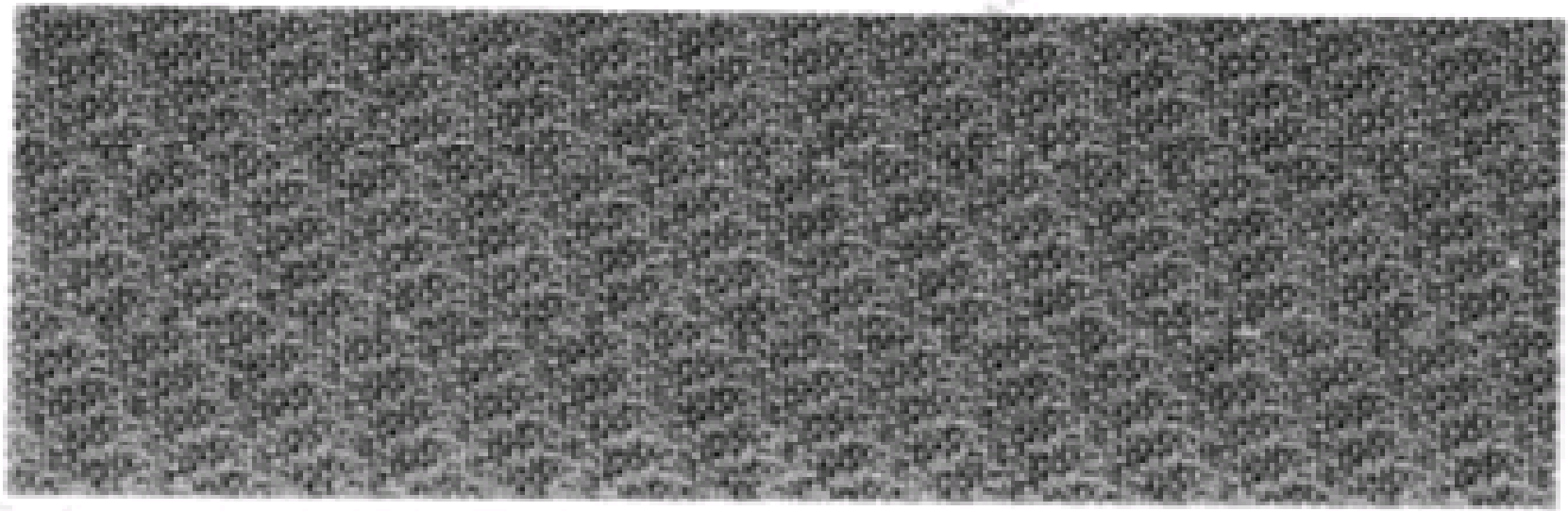
2011



Permitted
First-Class
U.S. Postage
Paid
Permit #

8870-0001 (7/04) 100-0-0-00
REVENUE (CLASS FINE), 5 YEARS IMPRISONMENT OR BOTH
FOR ANY PERSONS INTERFERING OR OBSTRUCTING WITH
DELIVERY OF THIS LETTER U.S. MAIL, 18 USC, 1708 U.S.
CODE

Name
Address
City, ST Zip Code



Section 255 of the National Housing Act (12 U.S.C. 1715z-20) is Amended



Notification of Potential Eligibility

IDENTIFICATION PAPERS ISSUED TO RECEIVED AS FILED

Name of Lead
Address of Lead

Case Number: SPCA1203252

RE: Borrower's existing lender name

January 21, 2011

Dear [REDACTED]

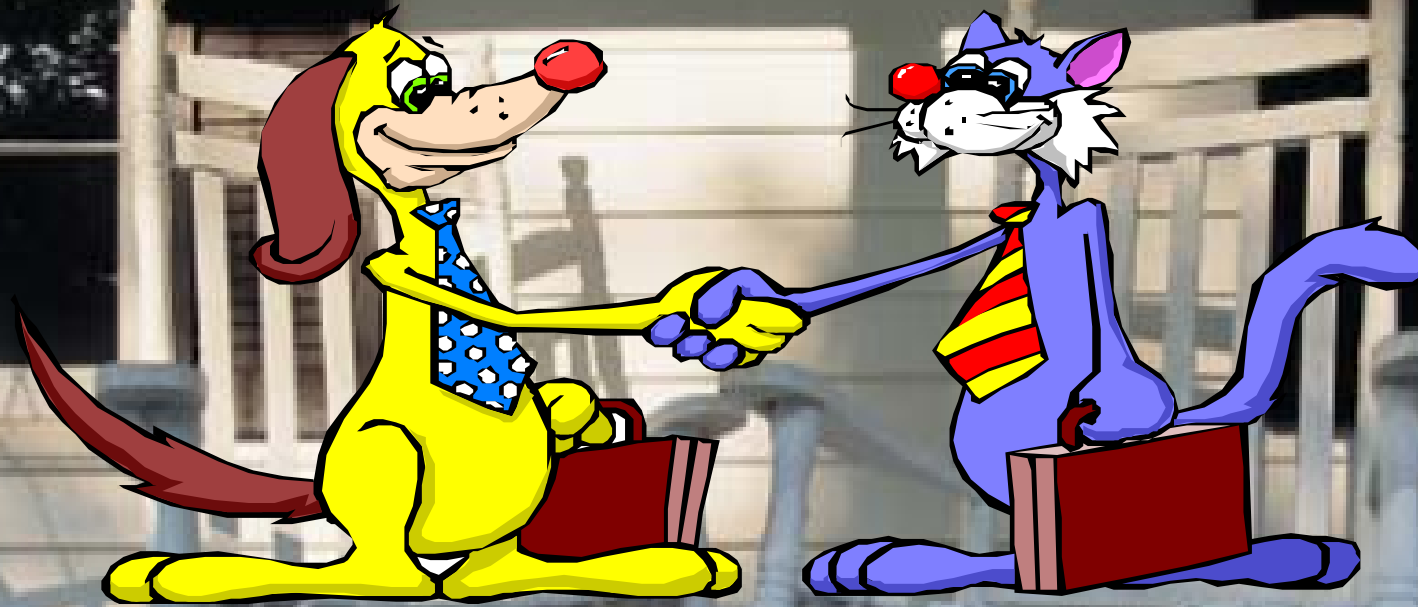
The American Recovery and Reinvestment Act of 2009 and Federal Law (12 U.S.C. 1715Z-20(1)) have expanded the Department of Housing and Urban Development's Home Equity Conversion Mortgage Program of which all homeowners over the age of 62 may be a qualified participants.

This is to inform you that upon participation you may be entitled to monthly benefits under this program. The benefits can be reserved by this office and must be claimed or reserved by the participant addressed above. To find out if you qualify to receive your monthly benefit amount and find out if you have any other benefits under this program call 1-800-XXX-XXXX. Please use your claim number SPCA1203252 when calling.

Sincerely,

Home Equity Conversion Department

On behalf of HUD & NRMLA,



thank you all for participating