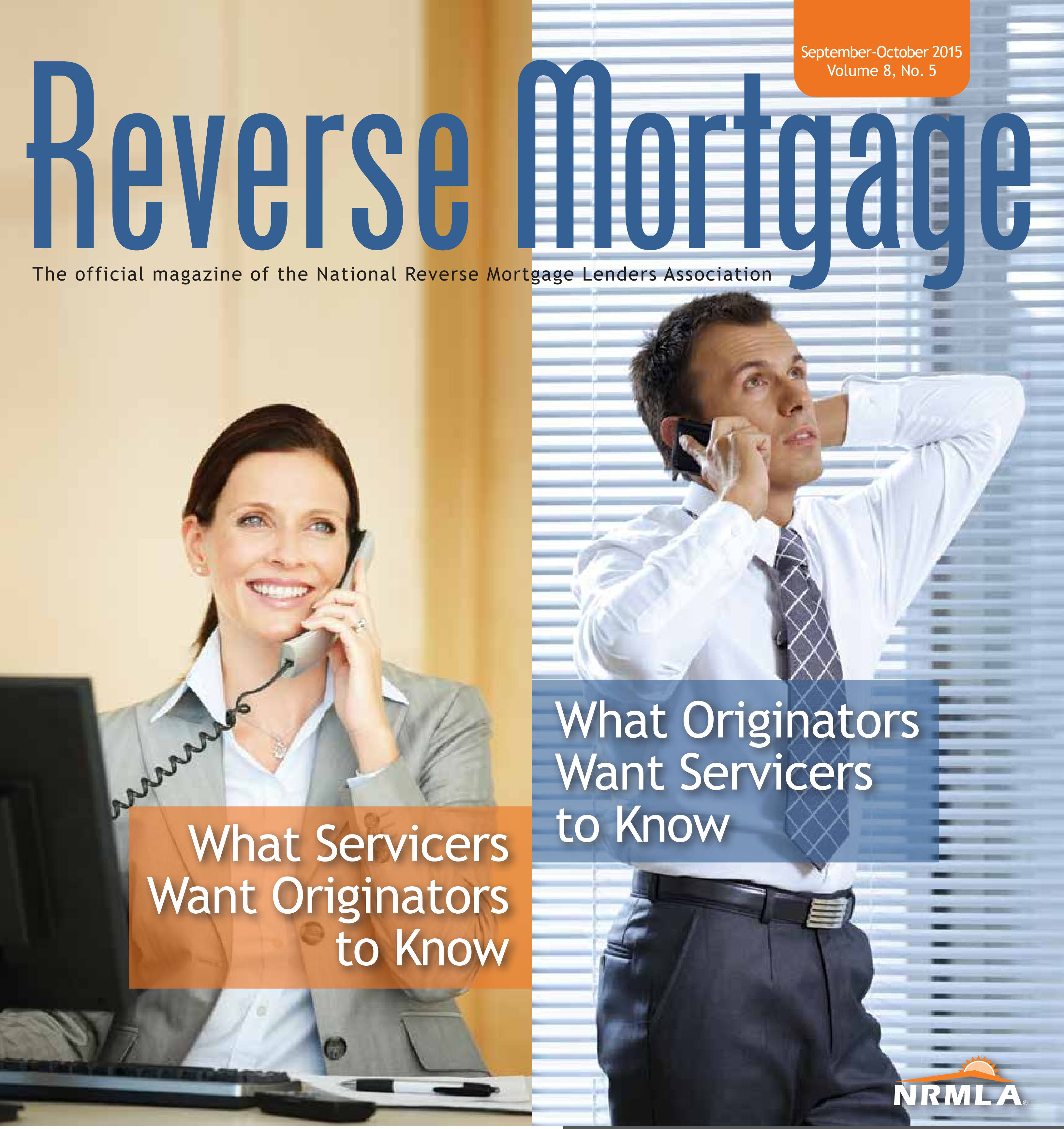
September-October 2015
Volume 8, No. 5

Reverse Mortgage

The official magazine of the National Reverse Mortgage Lenders Association



What Servicers Want Originators to Know

What Originators Want Servicers to Know

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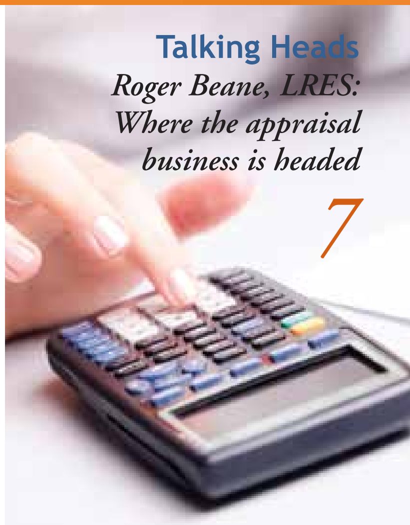

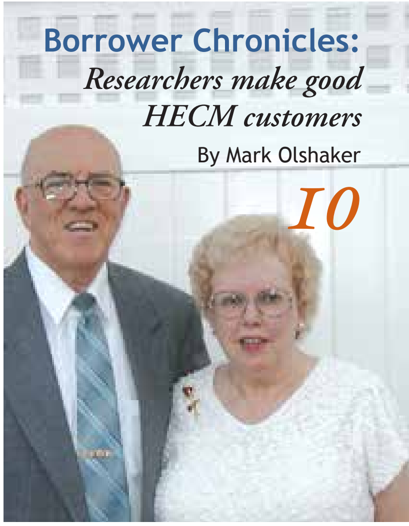

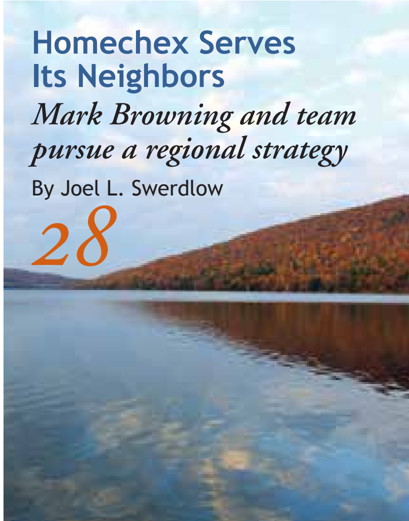

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Reverse Mortgage is the official publication of the National Reverse Mortgage Lenders Association. The magazine is published every two months. For inquiries regarding association membership and/or magazine subscriptions, please call Linda Latimore at 202-939-1793. Advertising and editorial inquiries should be directed to 202-939-1745 or mbell@dworbell.com.

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Avoiding Fumbles

THERE ARE FEW MOMENTS AS INFURIATING TO A football fan as when the quarterback and running back of your team of choice bobble the handoff and fumble. *Idiots!* is a common response that is printable.

In the reverse mortgage industry, the handoff is from the loan originator who has devoted a good deal of time and care to helping a client to the servicer who is a stranger. Like all handoffs, this one needs to be well executed. The key to our execution is an open channel and smart communication. To help our readers execute the handoff, this month we asked Mary Katherine Quasarano of Celink and Mike Gruley of 1st Financial Reverse Mortgages to suggest needed information that is not always exchanged between those involved. (*What Servicers Want Loan Officers to Know and What Loan Officers Want Servicers to Know*, p. 17).

Good communication is a theme that runs throughout this issue.

Following the CFPB press conference in June that criticized reverse mortgage advertising, we heard a lot of questions from members who felt they were left hanging about what the bureau is looking for us to do. So we sent staff writer Mark Olshaker out to interview Stacy Cahan, Deputy Assistant Director of the Bureau's Office for Older Americans, who sat in on the focus groups that provided the basis for the report. (*Searching for Clarity*, p. 14)

Following our launch of stories on member companies with the largest lender, AAG, last issue, we turned to a smaller company, Homechex of Rochester, New York, this month. Mark Browning and his team have built a successful business that focuses primarily on homeowners in a beautiful section of upper New York state using local knowledge as an element of their sales pitch. (*Homechex Serves Its Neighbors*, p. 28).

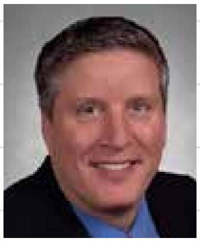
In an ever expanding universe of tech and pharmaceutical products aimed at the growing senior community, we take a look at a problem of aging Americans for which there is no magic pill: lack of confidence. (*CRMP: Across the Kitchen Table*, p. 31). And Jenny Werwa, NRMLA's Director of Public Relations, takes you inside the Curry Senior Center in San Francisco where members attending our Annual Meeting & Expo in November can volunteer to serve a special pre-Thanksgiving breakfast to visitors and residents. (*The Curry Senior Center*, p. 12).

We hope all of these stories open new channels for you and provide some reading pleasure. We now hand them all off to you.

Marty Bell
Editor

Scribes

Meet This Month's Contributors



Mike Gruley

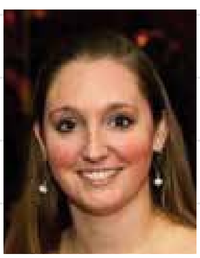
(What Originators Want Servicers to Know, p. 17)

serves as Director of Reverse Mortgage Operations for 1st Financial Reverse Mortgages, a division of Success Mortgage Partners, LLC. Mike has been involved with HUD insured mortgage loans for over 29 years (14 of those exclusively in reverse lending). He has also been a NRMLA member since 2002. Mike founded 1st Financial in 1991, and in 2010 it became the exclusive reverse mortgage division for Success Mortgage Partners. 1st Financial currently originates HECM loans in MI, SC, FL, IN, TX, NC, GA, and IL.

Darryl Hicks

(Talking Heads, p. 7 and *National Field Representatives Verify Occupancy, p. 26)*

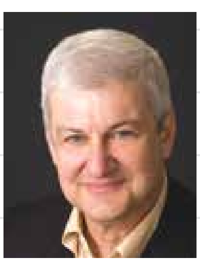
is the Vice President, Communications for NRMLA where he writes our Weekly Report and administers our CRMP program. He roots for the Steelers and the Phillies and reads books on World War II as he rides the Metro to work each morning.



Jessica Hoefer

(A Day in the Life p. 24)

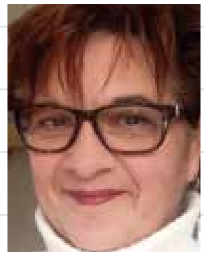
is the Communications Coordinator for Dworbell, Inc., where she is also the Member Services Coordinator for National Aging in Place Council and assists with the publication of *Reverse Mortgage Magazine* and *Tax Credit Advisor*. She came to NRMLA from the National Geographic Society. She is an avid reader, a theatre junkie, and loves to travel.



Mark Olshaker

(Borrower Chronicles, p. 10 and *Searching for Clarity, p. 14)*

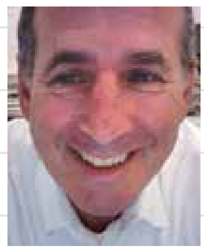
our staff writer, is a best-selling author of fiction and non-fiction and an accomplished researcher in the areas of crime and medicine. Olshaker has written 14 books in all, including the *New York Times* Number 1 bestseller "Mindhunters" and most recently "Law & Disorder," both with former FBI Agent John Douglas. He has also produced 12 documentary films, the latest being *Who Killed the Lindbergh Baby?* for NOVA on PBS. Olshaker is a former reporter for the *St. Louis Post-Dispatch*, who now resides in Washington and has built a large following for his MindhuntersInc.com crime blog, which argued Amanda Knox's innocence from the getgo.



Mary Katharine Quasarano

(What Servicers Want Originators to Know, p. 17)

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



Joel L. Swerdlow

(Homechex Serves Its Neighbors, p. 28)

is an author, researcher, professor and journalist whose work has appeared in *Harpers, Atlantic, Rolling Stone, Harvard Business Review, Washington Post,* and most major American newspapers—as well as academic and scientific journals. He covered the White House for NPR and was Associate Editor and Senior Writer for *National Geographic Magazine.*

Jenny Werwa

(The Curry Senior Center, p. 12)

is the Director of Public Relations for NRMLA where she works to promote the efficacy of reverse mortgages to the media and consumers. Jenny has lived in the DC area since the 90s and considers herself a Washingtonian, albeit with a slight New Jersey accent.

Balanced Viewpoint

Pogo's Proposition

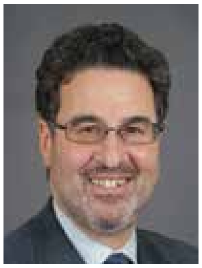
By Peter Bell, President of NRMLA

ONE OF THE PERKS OF HAVING TURNED 62 EARLIER this year is that in the past several weeks I've received a few direct mail pieces from NRMLA members and non-members, as well as phone calls from reverse mortgage marketers that, if I didn't know any better, would lead me to think that I was being offered a government benefit program under which I would never have to make a payment, yet would receive "income" for the rest of my life.

Many NRMLA members who read the CFPB report on reverse mortgage advertising expressed that it was unduly harsh and overly critical, but maybe we need to accept that there is a problem in how we communicate.

Much of this issue is dedicated to the subject of communications, a topic on which members of the reverse mortgage industry could start conversing with each other a bit more candidly. Oftentimes, we feel misunderstood by the press, policymakers and the public at-large. Since this is not an infrequent occurrence, maybe it's time to accept the fact that, as the cartoon character Pogo once said, "We have met the enemy and he is us." Perhaps our own efforts at communication—within the industry, with our borrowers, with policymakers and regulators, and with the public at-large—all need to be enhanced.

In the articles on servicing matters in this issue, Mary Katherine Quasarano, a consultant to Celink, a major subservicer of HECMs, discusses how the post-closing administration of HECMs could be much smoother—and avoid a lot of problems down the road—if loan officers better prepared their clients on how their loan will operate once it is closed and funded. Loan officers work assiduously to get their clients to the closing table, but do they effectively set proper expectations on procedures for draw requests, repair set-asides, payment plan changes, understanding monthly statements, tax and insurance requirements, items that might cause default, loan maturity events and what happens when a borrower or an estate wants to settle the loan account?



Peter Bell

Mike Gruley, an experienced originator and Director of Reverse Mortgage Operations at 1st Financial Reverse Mortgages, points out that while borrowers choose their originator based upon whom they are comfortable and have a chance to develop some rapport with their L.O., they just "inherit" their servicer. Often, they don't get to know any individuals at the servicer and speak to a different voice each time they call. Furthermore, some correspondence borrowers (or their heirs) receive from servicers can sound threatening, be difficult to understand, or come from third-parties at different locations than where the borrower knows the servicer to be located. Mike suggests that perhaps monthly servicing statements can be made more user-friendly, legal terms and technical industry jargon can be avoided, language that is more easily understood by consumers can be used, a definition of terms can be provided to applicants and borrowers, and letters sent regarding maturity events can be less harsh sounding.

As for advertising, Stacy Canan, Deputy Assistant Director in the Office of Older Americans at the CFPB, in an interview for this magazine, explained that focus groups and interviews with individual seniors illustrated that the messaging on reverse mortgages often leads to misunderstanding the product and "sub-optimal" decision-making by homeowners.

As an industry, perhaps we need to have less of a "tin ear" when it comes to listening to what our prospective clients, regulators, observers and critics say. As anyone who has been in a relationship learns, you cannot change someone else's behavior. You can only change your own behavior – and then the way others respond to you will change. RM

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Roger Beane, LRES, Inc.

Where the Appraisal Business Is Headed By Darryl Hicks

ROGER BEANE BEGAN HIS CAREER IN THE REAL estate business quite by accident. A chance encounter with a college friend and a dinner guest the same evening at his grandparents' home, both encouraged him to explore a career in real estate that has now lasted 30 years.

His entry into the reverse mortgage space in 2003 was just as fortuitous. A forward mortgage client suggested he contact Financial Freedom Senior Funding Corporation, which was looking for a vendor to appraise its growing reverse mortgage portfolio.

Next year marks the 15-year anniversary since Beane founded his Orange, CA-based company, LRES, Inc., a national provider of property valuation and REO asset management services.

Appraisal management companies (AMCs), such as LRES, act as the unbiased liaison between the lender and the appraiser to ensure there is no undue influence. In addition, AMCs not only assign appraisals to the most appropriate appraiser based on subject area and expertise, they also review and proof the hard work of the appraisers to ensure a thorough appraisal has been produced.

LRES' client base has historically been mortgage servicers, but that changed in January 2015 when the company acquired Lender's Choice, an AMC based in Tulsa, OK. With the acquisition, LRES looks to increase its footprint in the reverse mortgage space for the foreseeable future.

Reverse Mortgage magazine sat down with Beane to discuss his company, why he is bullish on reverse mortgages, and the current state of the appraisal industry.

Reverse Mortgage: ***How did you get into real estate at such a young age?***

Roger Beane

Roger Beane: While I was in junior college, I ran into a buddy of mine who had just earned his real estate license. That same evening, I had dinner with my grandparents who happened to be celebrating with a friend who had also just received his real estate license. I said 'wow, my friend just got his license' and that's all my grandparents needed to hear. The next day they invited me to their home and on the card table was a tape recorder and a book for me to start learning the differences between real property and personal property. When I turned 20, I started working for Merrill Lynch Realty. On my first day, the boss pointed to a desk and a phone and said 'good luck kid.' Eventually, I transferred to Long Beach State, but I continued learning the trade, all the while taking business and real estate classes. After graduating from college, I was approached by a gentleman who asked me whether I was tired of holding Open Houses and was I interested in learning the bank-owned part of the real estate business. That's how I got into selling real-estate owned (REO) properties. Eventually our clients (banks) asked us to provide valuation services, which led to the creation of an appraisal network. When my business partner retired, I founded LRES.

RM: ***You and your company are more well-known in the forward mortgage business, but your future is now focused around reverse mortgages. What brought about that change?***

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RB: The marketplace has continued to have lots of changes the past several years and through osmosis we began to provide products for senior borrowers and reverse mortgage servicers. We also began working with highly skilled professionals with the knowledge and connections to succeed in the space.

RM: ***What would you say differentiates your company from other AMCs?***

RB: A lot of our growth has come from business relationships. It was 12 years ago when we started working with Financial Freedom, providing valuations on the servicing side. We still do that type of work but within the past two years our appraisal business has been growing on the origination side. As a result, we are a more rounded company because we provide valuation services on the origination, servicing, default and REO sides of the business. We have gravitated more toward reverse mortgage customers and working with senior borrowers, realizing that it may require a little extra patience. Our appraisers understand that they may need to stay for cookies and coffee with the owner or be flexible in their schedules because an appointment was miscommunicated. We also believe in the product. When a reverse mortgage is used for the right purpose, it can be a great way for someone to remain in the home and overcome retirement challenges.

RM: ***As you know, FHA's reverse mortgage program has undergone considerable changes over the past year, which doesn't impact your business, but I understand that appraisal management companies are facing a lot more regulatory scrutiny. Please explain.***

RB: Three years ago, states did not regulate appraisal management companies, but that has changed. In a growing number of states, we need to be bonded, licensed, finger-printed and insured. It's a significant investment to be an appraisal management company and the regulatory environment continues to be very fluid. We hired a Director of Compliance who comprehends state regulations, renews licenses and ensures we stay bonded and insured. I am passionate when it comes to these issues. It's incumbent in today's business world that whomever you choose as a business partner has the financial capacity to pay its appraisers. One of the reasons why we are now so heavily regulated, and must be insured and bonded, is that some AMCs didn't pay their appraisers for services rendered. So keep that in mind when you are conducting due diligence on a potential AMC partner.

RM: ***How does LRES and other AMCs handle complaints from lenders or consumers regarding the value of property being arguably too high or too low?***

RB: Appraisals are opinions, and as such, occasionally the opinion is a candidate for further analysis. LRES has a formal value appeal process whereby the homeowner or the lender can request that additional data be analyzed, and if deemed to be better than the data within the report, the appraiser is to utilize that data. Better data means the comparable sales are more recent, more similar in property characteristics, and/or closer in proximity than the original comparables utilized. All requests are given to the lender who in turn forwards that information to LRES. The information is checked for compliance with Appraiser Independence Requirements (AIR) before being sent to the appraiser so there will not be any language deemed to be inappropriate.

RM: ***How do AMCs avoid these issues from coming up?***

RB: Value appeals are common in the industry because residential real estate is an emotional product. Homeowners put a lot of their money into their properties, so no doubt they are biased, and rightly so. That being said, however, the appraiser is asked to give an impartial opinion of value taking into account all the property's features. AMCs are to professionally handle any homeowner complaints, pass them onto the appraiser, and if any complaints are found to be valid, take action on those complaints anywhere from counseling the appraiser to removing the appraiser from the panel. There is no avoidance of issues, but if an AMC has a formal process and follows it, the issues will be properly taken care of.

RM: ***How does LRES recruit and train appraisers and keep tabs on them?***

RB: LRES is constantly adding appraisers to its panel as volumes increase in markets across the country. There is

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Talking Heads continued from page 8

not a single recruitment tool used but multiple tools from word of mouth to advertising. Training is done occasionally on special products that materialize, but for the most part, the appraisers are vetted as competent prior to officially joining our panel. Each appraisal goes through the quality assurance process and if major items are discovered, the appraiser is worked with on a case by case basis.

RM: The FHA appraiser roster is getting smaller with each passing year, because the industry can't attract young blood into the business. Is this a concern?

RB: It is a very important topic within the industry, but I think we are still 8-10 years away from it being a major concern. It is not uncommon, particularly in rural areas, for appraisers to travel outside of their home county for a job, because nobody else is available. It's a fact of life that people need to recognize and accept, but something we also need to resolve.

RM: What can be done to attract more people into the appraisal business?

RB: Currently the certifications and apprenticeship requirements coupled with a four-year college degree create a barrier to entry for an appraiser seeking this as a career. The government entities and the appraiser community must address these requirements to attract young professionals and people wishing to make a career change.

RM: In closing, what can loan originators do better to help prepare clients for the appraisal process?

RB: We are in a pilot program with a few clients to have the loan officer more effectively schedule the appointment with the borrower. It's very beneficial when the loan officer and borrower communicate convenient times of the day to complete an inspection. Similar to the "cable company" a four-hour window is given within a few business days. This is a great opportunity to reduce any confusion between the borrower, loan agent and LRES. RM

Researchers Make Good HECM Customers

Robert and Marge Kaltenbach

By Mark Olshaker

"WE'RE INTO EVERYTHING," IS THE WAY ROBERT Kaltenbach describes the retirement life he shares in Las Vegas with his wife Marjorie. And after listening to the astounding range of their interests and intellectual pursuits, it's difficult to come up with a subject area that is outside their range of inquiry. A reverse mortgage has allowed this couple in their vibrant 70s to explore their curiosities with financial security.

Bob and Marge, as most people call them, met in their hometown of Pittsburgh in the early 1960s and married shortly after Bob completed his degree in electrical engineering.

"I had a job interview with Westinghouse," Bob recalls. "There were 100 applicants and I scored in the top six. But there was only one job available, so I didn't get it. Marge and I realized we'd have to go where they needed engineering talent, so we moved out to California."

The Golden State is where they spent their careers. Marge was a loan processor, handling both conventional and government-backed mortgages. Bob worked in the aerospace industry for a number of prominent companies, most of it, he says, involving the Military-Industrial Complex. Much of his work was classified and just about all of it was, according to Bob, "a lot of fun."

At BorgWarner he worked on NASA's Apollo program and admits to having been one of those guys with a crew cut, short-sleeved white shirt and a plastic pocket protector full of pens and pencils. He can also lay claim to having been inside both the Endeavor space shuttle and the stealth bomber. At Varian Data Machines, he "got into computers," moving from hardware to software, so that by the time he moved to Martin-Decker, he was manager of the programming department and then became a computer systems consultant.

That wasn't all, however. Bob secured his pilot's license and he and Marge bought an airplane. One of their main activities was flying around farmers who were looking to buy land and wanted to see it from the air. They also frequently rented the plane to the U.S. Forest Service for aerial surveillance. In his "spare time," Bob served as a computer consultant to the Newport Beach Police Department.

The Kaltenbachs settled in Anaheim, where they lived throughout much of their careers. After they sold the plane, they moved east from Orange to Riverside County, buying "a big house with a big mortgage" in Corona. They lived there happily for 14 years, Bob says, "until we reached a point where we decided it was time to move on. As most people know, the cost of living in Southern California just keeps going up and up."

"We had worked hard and saved a lot of our money," says Marge. "We never had pensions and this was before 401Ks, so we put our money in IRAs."

They signed up for Social Security and also had a couple of annuities, but found they were going through those funds and didn't want to have to dip into their stock portfolio.

"We came up with the idea of a reverse mortgage," Bob explains. "We had a lot of equity in the house, so we figured, 'Let's look into this.'" With their inherent facility for research, they went on the Internet and learned everything they could about HECMs. They also benefited from Marge's years of experience in the loan industry.

"We saw commercials on television: Henry Winkler for One Reverse and good old Fred Thompson with AAG," Bob recalls.

Marge continues the story, "We lived not far from AAG's headquarters in Orange and we figured, if they were paying that kind of rent, they weren't fly-by-night. We called, and because of our research, we knew all the questions to ask. They sent us the books, and we decided on going with AAG. We chose a monthly income arrangement with a ten-year term."

"It was an extremely smooth process," adds Bob. "Twenty-seven days altogether."

"We had been all over the Southwest and vacationed in Las Vegas a lot, so we had decided that was where we wanted to be. The weather and the cost of living are fantastic,

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and there is no state income tax."

Marge says, "In 2002, we put our house on the market and sold it in four days. Then we panicked."

Fortunately, they had a friend who lived in the Las Vegas area and told them about a gated community called Siena Village, part of the Summerlin community, originally developed by Howard Hughes on the west side of the Las Vegas Valley after he left TWA. While it was mostly just dirt, they got all of the information and a portfolio of floor plans and renderings. The houses were going as fast as they were being built, and there was only one partially completed unit left when the Kaltenbachs decided to buy. Bob flew out to Las Vegas for one day and made all the financial arrangements, putting a deposit on his credit card while Marge worked by phone with the village's design center to specify all the finishing materials.

The Kaltenbach home where they live with their cat – "She loves it here" – is just six miles from the Vegas Strip, but Bob describes it as "peaceful and serene." It is a guarded and gated senior community where he says they feel protected and comfortable. "It's good living here. As high up as we are (3,000 feet above sea level) we can see the fireworks from the strip."

The reverse mortgage proceeds have allowed them to live comfortably while keeping their stock portfolio intact.

Among the subjects they study in their ongoing quest for knowledge is research on Masonic and Biblical history. "We can trace masonry back to the Garden of Eden," Bob states. He taught himself Hebrew so he could read the Bible in its original language and has since tutored 36 students in Hebrew Bible studies. He and Marge also investigate near-death experiences and extraterrestrial activities, aviation and aerospace, among many other fields. He is an expert on Roswell, New Mexico and Area 51. Somehow, he also finds time to help neighborhood residents with their computer problems.

"I get lots of phone calls," Bob notes.

Being in Vegas, it would seem hard to resist the lures of the dominant industry. "We're not big gamblers," he clarifies. "But we do enough on the penny slots that they keep sending us two-for-one buffet coupons. I'd say we average six to eight a month."

And with this couple's track record, it is probably safe to assume the eating venues are all carefully researched. RM

The Curry Senior Center

A Cure for Isolation in the Tenderloin By Jenny Werwa

ON ANY GIVEN MORNING IN SAN FRANCISCO'S gritty Tenderloin district, you'll find a long line of more than a hundred senior citizens standing patiently outside a pale yellow building with blue trim on Turk Street. Many will have walked over from a nearby one room apartment that has a hotplate, but no kitchen, while others are homeless. They wait for the doors of the Curry Senior Center to open and welcome them into the dining room for breakfast and a sense of community.

Serving the Tenderloin and South of Market neighborhoods since 1972, Curry Senior Center provides a full range of health and social services, including meals, for over 2,000 at-risk, low-income seniors annually.

Each year, the Curry Senior Center serves more than 50,000 breakfasts and 60,000 lunches to older adults who struggle to find the resources to meet their daily needs. Tony "Bones" Davis, who at 6'10" is a real stand-out in the crowd of regular diners, comes to the Curry Center each day for meals and to meet with a case manager. In his younger days, Davis was an All-American basketball player and even played for the Harlem Globetrotters under the name "Jumpin' Johnny Jones" because he could put his elbows on the basket while dunking.

Davis is in his 80s and considers himself nearly homeless. He counts on Laurie Josloff, one of the Center's six case managers to link him to housing assistance, line up transportation to appointments, and apply for services and benefits for which he's eligible.

Curry's case managers passionately care for over 300 seniors who are at risk for avoidable institutionalization. In addition to the types of services they assist Davis with they also provide legal and money management advice, translations, and in-home support. Last year, they served 128 homeless or at-risk-of becoming homeless seniors, and secured permanent housing for 23 homeless seniors.

Through a partnership with Caritas Management Corporation, Curry Senior Center operates two floors of housing for formerly homeless seniors. There are studio apartments for 13 residents and a resident manager. Residents are able to access all of the services onsite at Curry, including meals, social programs, and health services while living in a safe, clean, and stable environment.

Diane Evans was 66 when she moved into her residence at the Center. She and her family relocated to San

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Francisco from New Orleans after losing everything in the floods of Hurricane Katrina. They stayed with friends until they were able to live in a family shelter in the city. But, after Evans' daughter and grandson moved to the Midwest, she became ineligible for the shelter space on her own and wound up living in her car.

Another agency in town told her about the Curry Center and the many services they offer. Evans soon met with a case worker who helped her apply for housing assistance, healthcare including dental and vision care, and with information about Curry's Computer Learning Center so she could learn new skills.

With her health and independence, Evans is able to volunteer around the Center every day and give back to her community. Tod Thorpe, Curry's Development Director, describes Evans as, "An amazing character of a woman who is wonderfully gracious. She's grateful, kind, and she contributes to the spirit and sense of community at the Center."

The spirit of the Curry Senior Center is alive in every room of the building. From the primary care clinic staffed by physicians and nurse practitioners who serve 1,500 seniors with 11,000 visits each year, to the dining and community rooms where social programming happens daily.

Thorpe says that the diversity of the Tenderloin is well represented at the Center where eight languages are spoken and people from all backgrounds connect with each other. During a recent LGBT Pride celebration, the community room was bright with rainbows as seniors watched a documentary about local Drag Queens before meeting one of the stars herself.

On another afternoon, several Vietnamese women took over the kitchen for a cooking demonstration featuring goi cuon, traditional pork and shrimp rolls.

"Our commitment to social programming and direct outreach is our effort to help seniors overcome their propensity to isolate themselves," said Thorpe. "The biggest thing to combat is reclusion which can lead to depression or otherwise prevent someone from getting the care and attention they need."

Curry health care professionals, case managers, and volunteers all participate in home visits to meet seniors where they are. "Home visits are unique to the Curry Center and it makes all the difference. Seniors light up when we come see them because they feel like someone cares about them. Sometimes our visits inspire them to come by the Center and interact with more people which is really terrific," said Thorpe.

The Curry Center operates on a lean budget to provide the community with $1.8 million in programs and services. Volunteers are always welcome to serve meals, pack lunches, lead Bingo games, and interact with the seniors, but they should be warned that volunteering is addictive. One older gentleman comes to Curry every day to serve breakfast and lunch because he says it gives him a sense of purpose.

"Volunteers come here and truly connect with the community and they find out what it means to make an impact in the lives of others," said Thorpe.

The Curry Center operates on a lean budget to provide the community with $1.8 million in programs and services. Volunteers are always welcome to serve meals, pack lunches, lead Bingo games, and interact with the Seniors, but they should be warned that volunteering is addictive.

NRMLA has coordinated opportunities for members to volunteer at the Curry Senior Center the weekend prior to the association's Annual Meeting in San Francisco this November. You can learn how to sign up at www.NRMLAonline.org. A silent auction and fundraiser will also be held to support the work of the Center.

"If we had unlimited funds, we'd buy two more buildings and develop more affordable housing units for our seniors. But, even that wouldn't be enough to meet the growing needs of the aging community. Our staff and volunteers focus on the fact that while we can't reach every senior in the Tenderloin, we make a significant difference in the lives of those we do," said Thorpe. "In small organizations, like ours, even small gifts make a direct impact on someone's life." RM

Searching for Clarity

NRMLA Approaches the CFPB on HECM Ad Complaints

By Mark Olshaker

IN THE MAY-JUNE ISSUE OF THIS MAGAZINE, I reported on the Consumer Financial Protection Bureau's enforcement against deceptive advertising practices in the reverse mortgage environment. We focused on the case against All Financial Services, LLC, of Owings Mill, MD, in the U.S. District Court in Baltimore. CFPB claims that All Financial "disseminated deceptive and misleading advertisements for mortgage credit products in violation of the Mortgage Acts and Practices Rule . . . and sections . . . of the Consumer Financial Protection Act of 2010."

Within a week of the article's publication, I myself received the first of two nearly identical letters from All Financial Services. Each was clearly designed to make it seem that the letter, with no return address on the envelope, was an official government communication with stated penalties for misuse, informing me of "2015 HECM Program Eligibility," authorizing All Financial and assigning me a program officer. In boldface type, the letter informed me, "There is no monthly payment or repayment required whatsoever for as long as you or your spouse live in the home as your primary residence." And so on – all of the issues enumerated in CFPB's complaint.

NRMLA has been supportive of CFPB's actions and agrees with its evaluation of the mailing pieces' effects. But does this kind of misleading set of statements carry over into much other media advertising? At least to a degree, the agency seems to think so, because now, CFPB has launched into another round of its confrontation with reverse mortgage advertising, this time focusing on media advertising. Rather than a lawsuit, this round was launched with a press conference by Director Richard Cordray on June 4, 2015, introducing a report entitled, *A Closer Look at Reverse*

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Mortgage Advertisements and Consumer Risks. It was based on interviews and focus groups with 59 age-eligible homeowners in Chicago, Los Angeles and Washington, D.C. The conclusion was that reverse mortgage advertising could be misleading and confusing.

The report was issued by the Office of Financial Protection for Older Americans, which was created under the Dodd-Frank Act and aimed toward protecting aging Americans from financial exploitation and providing them with timely information to help them make informed financial decisions, especially those that could impact their economic security. Its work product includes guides, reports, consumer advisories and the website, *consumerfinance.gov*, with an interactive feature, "Ask CFPB," containing answers to more than 1,100 frequently asked questions about financial products and services. A guide is available on HECMs, entitled, *Considering a Reverse Mortgage*.

The office is a watchdog rather than an enforcer, but it can send complaints to the bureau's enforcement team as necessary. While CFPB is not pursuing any enforcement action as it is against the mailing piece, it means the report to serve as a stern warning that seniors are not getting the full or accurate story from reverse mortgage ads on television and in print.

Yet a legitimate question remains: How far should – or need – consumer protection organizations, like CFPB, go in their attempts to dictate advertising standards for complex products and services like reverse mortgages? Within that question lies an even more fundamental one: Does advertising actually and directly lead consumers to apply for a HECM, even if they do not have all the facts, or do ads merely cause them to make a call to get more information? Does the print and media advertising currently out there rise to the level of the letters I received?

"Incomplete or inaccurate statements made in advertisements about reverse mortgages can pose serious risks to older Americans," the report declares.

The question is, *How?*

To clarify the issue, we called upon Stacy Canan, Deputy Assistant Director of the Office for Older Americans (as it is generally referred), who participated in the focus groups and preparation of the report.

"We did the study," she said, "to help us understand what, if anything, might be confusing consumers concerning reverse mortgages. Back in February 2015 we did a snapshot look at the complaints older consumers submitted concerning reverse mortgages. We found several issues that concerned us."

The concern, according to the report, breaks down into several categories:

- ***Some consumers did not understand reverse mortgages are loans.***

Canan explained, "We don't expect that every ad is going to be able to convey every nuance, every detail of the product, or every risk, for that matter. What we do know is that consumers told us that some of the ads led them to really fundamental misunderstandings; they didn't understand a reverse mortgage was a loan. A consumer said to us, 'It's my equity. Why would I ever have to pay it back?"

- ***Consumers were confused by incomplete and inaccurate information.***

Canan stated, "Advertisers that say or imply that you'll never have to make another payment again, led some consumers to believe that no property taxes were due; that it was a government program. What it simply meant was that loan proceeds were not taxable income."

- ***Consumers could not read the "fine print."***

The report stated: "Most of the consumers we spoke with . . . could not read the fine print in printed ads, and none of the consumers we talked to could read the fine print that was used in television ads."

- ***Consumers misunderstood the role of government.***

Canan stated, "Some of the ads imply that a reverse mortgage is a government program that enables you to use your equity. But some consumers didn't understand that their equity is 'used' to secure a loan. That has led some consumers to think that a reverse mortgage is not a loan that charges interests and fees and has to be repaid at some point."

- ***Consumers described "lifestyle enhancement" as the primary use for reverse mortgage proceeds.***

The report stated: "Consumers said reverse mortgage advertisements promoted living a good lifestyle while being young enough to enjoy it, or to travel while they still have their health. Several said the advertisements suggested that consumers should get a reverse mortgage while

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they are young and healthy enough to enjoy the money. Images of active, youthful retirees were a common feature among ads shown to consumers. Ads typically depicted seniors riding bicycles, playing golf, or enjoying similar leisure activities."

While the report acknowledged, "Focus groups are not intended to give us statistically significant data that can be generalized to all consumers," Canan noted, "The interesting thing about focus groups and consumer interviews is that they really do give us very rich qualitative information about how consumers are thinking regarding certain practices and services. And so they can be very helpful in that regard."

All advertising is designed to accentuate the positive in as simple and direct a manner as possible. And NRMLA has its own "Dirty Dozen" list of deceptive advertising practices that members must avoid. But with a concept as detailed and multifaceted as the HECM, should advertising be expected to "tell the whole story" or merely interest the consumer enough to pursue more information?

Canan responded, "First impressions matter. False advertising can lead to consumer misunderstanding about the risks, or benefits, for that matter, of a particular product. And that, in turn, could sometimes lead to suboptimal decisions regarding whether the product may be in the best interests of that particular consumer."

A related issue involves fine print. "The report stated, Fine print generally addressed tax and insurance requirements, property maintenance and residency requirements, repayment terms, and other important details about the loans."

Few would deny that fine print is hard to read and skipped over by most readers or viewers, regardless of the subject. However, I suggested to Canan that even if unread, it still serves a purpose by indicating that there are important technical and/or financial details beyond what is revealed in the headline or copy.

She replied, "The ad study report did not analyze the ads for violations, rather we looked at consumer perceptions. In this regard, not one consumer who reviewed the ads could read the fine print, so if there was valuable information there, it was of no help."

There is no suggestion in the report as to how these important technical and/or financial details should be handled in advertising, if not in fine print.

When asked what she would like to convey to industry professionals on CFPB's behalf, Canan said, "The report highlights some concerns we have that some information being communicated in advertising may lead consumers to misapprehend important features of reverse mortgages. I think that complying with NRMLA's "Dirty Dozen" is a fabulous start."

So what is the industry take-away? Since the CFPB's intent is only to provide its perception of its interviewees perceptions, it has offered no directive. So *Reverse Mortgage* editor Marty Bell has boiled the criticisms down to five key points:

1. It should be understood that CFPB is a consumer agency, so if the consumer has a misperception, that is its reality.

2. Every reverse mortgage ad should prominently use the word "loan." And it wouldn't hurt to state that, like any loan, it must be repaid.

3. Phrases such as "tax-free cash" and "tax-free loan" should not be used.

4. Likewise, avoid phrases such as "and you never have to make another payment."

5. Fine print is problematic and creates suspicion.

The question of what reverse mortgage ads *actually* do remains open. Is there a distinction between a letter addressed to you that withholds material facts and implies an approved relationship with the federal government, and ads that suggest that a reverse mortgage could lead to a better lifestyle and more financial freedom for seniors?

When I rephrased my question as to whether ads, in fact, lead to improper decisions regarding HECMs or simply arouse consumer interest in pursuing the matter further, Canan offered, "Advertisements that lead consumers to misapprehend basic and important features, terms and conditions of the loan could, in fact, lead them to make a suboptimal decision." There is a reason that Congress and state legislatures have included prohibitions against misleading advertisements in numerous laws.

"Our goal is to help consumers make the decision with sufficient information."

She also suggested, "If there were complete compliance with NRMLA's 'Dirty Dozen' list, it would make the market a safer place." RM

The Alliance of Origination and Servicing

With the expected changes to the HECM program behind us, we can now focus as an industry on creating a better borrower experience by improving usage of the tools we have. One such tool is a better understanding within the industry of each others' roles in the reverse mortgage process. We sometimes hear complaints from borrowers that they are confused because they were given conflicting information. This is a problem we have the ability to solve with better communication.

One channel that can be better navigated runs between loan originators and servicers. So we asked someone on each side to explain what is necessary to come together.

What Servicers Want Originators to Know

By Mary Katherine Quasarano

EVERY SUCCESSFUL EFFORT BEGINS WITH AN UNDER-standing of what will constitute success *(What is the hoped-for outcome?)* as well as knowledge of the planning and preparation that will be required *(Who do we need and what do we need to ensure success?)*.

What do Servicers want Loan Officers (LOs) to know?

That's a big question with layers of answers, but the first and most important response is this: We're in this together! Reverse mortgage industry and product success begins with strengthening the alliance between origination (planning and preparation) and servicing (outcome) teams.

Practically Speaking

As the person who guided them through the loan process from application to closing, a LO is most closely identified as the point of contact for any subsequent issues that may arise, and borrowers will be tempted to contact them post-closing. Once a loan closes, however, the LO may be unable to obtain information directly from the servicer due to privacy laws.

At closing, the loan and its borrowers move from origination into the lifelong care of a dedicated servicing department, or a subservicer, and borrowers will bring their product understanding – or lack of understanding – with them.

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What Originators Want Servicers to Know

By Mike Gruley, CRMP

THERE IS PROBABLY NO SKILL MORE CRITICAL TO the success of a business or an industry than communication. This is especially true when the subject matter is complex, and the customer relationship is personal and perpetual. Effective communication sets expectations, mitigates fears, and establishes trust. It instills comfort, encourages cooperation, and ultimately results in exceptional outcomes for everyone.

In the reverse mortgage world, the task of communicating information to the customer is like a baton in a relay race. There are a multitude of communication handoffs. The final handoff from origination to servicing is arguably the most challenging step, especially if originators and servicers are not on the same page or even speaking the same language.

Earlier in this issue, Celink's Mary Katherine Quasarano offers originators a valuable glimpse into the communication challenges servicers experience with HECM borrowers after the closing. She rightly suggests ways that originators can prepare borrowers for what will eventually occur after the loan closing when the originator passes the baton to servicing. Her suggestions are valuable to originators who wish to improve the customer experience both prior to and after closing.

In an attempt to improve the dialogue between servicers and originators to create a more unified message to consum-

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By introducing borrowers to the professional care of the servicing function at closing, LOs establish a new and vital line of communication that borrowers will need to know, and access, for the life of their reverse mortgage.

These words, heard on an all-too regular basis by loan servicing call center personnel will wound the hearts of all caring and compassionate reverse mortgage industry professionals:

"No one ever told me…"
"That's not what I was told at closing…"
"Why didn't somebody tell me this…?"
"I feel like my parent(s) didn't understand what they were getting into."

Servicers understand that the HECM origination process is designed with multiple layers of borrower protection and that a good LO does not intentionally mislead or withhold information from a borrower. Servicers also understand that they are receiving one (defensive) side of the story.

Too many borrowers plead ignorance, and fully informed borrowers are the industry's first line of defense in combatting negative product perceptions.

In an attempt to provide LOs with information around the most common places servicers witness disconnects in borrower understanding, at Celink, the nation's largest subservicer of HECM products, we posed the question, *"What does servicing want loan officers to know?"*

Line of Credit (LOC) Draw Requests

Borrowers must know that many servicers require that borrowers submit LOC draw requests in a written format, often times using a standard form that the servicer will provide to them.

If a borrower would like direct deposit of funds, the LO should obtain a voided check from them at closing as the routing number on checks has been known to differ from the routing number found on deposit slips.

There is no additional fee for direct deposit of funds, but be aware that under HUD servicing guidelines (and regardless of whether the borrower has elected to receive their funds via direct deposit or a physical check mailed to them), it may take up to five (5) days for the servicer to disburse the funds.

On a Closed End Loan, if the borrower makes a partial prepayment, they cannot re-borrow those funds again over the remaining life of the loan.

Repair Administration

For loans where required repairs were identified at the time of closing and funds placed into a Repair Set Aside (RSA), servicers can disburse RSA funds for *material costs only* before the completion of all required repairs. No other deposits for repairs can be issued under HUD servicing guidelines.

Once ***all*** required repairs have been completed:

- A HUD certified inspector must certify the repairs are completed and the cost of this inspection is paid from the borrower's RSA account. *Please do not provide or guarantee the cost of this inspection to the borrower!* Experience has taught that more often than not the estimated figure provided is incorrect and this creates suspicion and consternation on the part of your borrower.
- All repairs must receive a "100% Complete" report at the time of this inspection, for all repair items listed on the Repair Rider.
- Borrowers must retain receipts and invoices and provide them to their servicer. These documents can then be submitted to the servicer for reimbursement on expenses that borrowers made out of pocket or a two-party check can be cut to pay any contractors that may have been used in the repair process.
- Supporting documents - HUD guidelines require that the borrower confirm that they do not have any outstanding contractor liens on the property. This is typically accomplished by having the contractor sign lien waiver forms. Once those forms are received, then payment can be issued for the work completed.

If there are leftover funds in the Repair Set Aside after the repairs are completed, then HUD guidelines require the servicer to transfer those remaining funds over to the borrower's available line of credit. However, keep in mind that for loans with a Lump Sum payment plan where the FHA Case number was issued on or after June 24, 2015, the borrower can no longer receive those leftover funds in their available line of credit.

Taxes & Insurance

Historically, there have been two certainties borrowers faced in the maintenance of their reverse mortgage: payment of taxes and maintaining homeowners insurance. With the growth of condominium ownership and

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THE VALUE OF A STRONG ALLY:
DIRECTION.

The Reverse Mortgage landscape can be unforgiving and is ever-changing. The clear path today can take you in the wrong direction tomorrow. Celink has successfully guided its clients and the servicing industry through over a dozen HECM program changes in the past 18 months.

For more information, please contact Katie Kirkham, Director of Client Relations at (844) 228-2101.

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communities however, there is now a third - Homeowner Association (HOA) Fees.

Every reverse mortgage borrower is responsible for the full and prompt payment of all property charges including: Real Estate Taxes, Homeowners Insurance, ground rents and assessments (HOA Fees).

Real Estate Taxes

If the borrower's loan does not require a set-aside for taxes at the time of closing, the borrower is responsible for paying real estate taxes in a timely manner.

Real estate taxes must be paid on or before they are due and cannot be reported as delinquent, otherwise the servicer may have to advance the funds to pay for the taxes and that could result in the loan being considered in default status.

Most county payment plans for delinquent taxes are not acceptable because interest and penalties accrue during that timeframe, and if the borrower defaults, the property could quickly go to tax sale.

Homeowners Insurance (HOI)

If the borrower's loan does not include a set-aside for insurance at the time of closing, the borrower must maintain a Homeowners Insurance policy at all times.

If insurance coverage on the property is allowed to lapse, the servicer will be required to purchase Force-Placed Insurance (FPI) on the borrower's behalf.

FPI is 3-4 times more expensive and may have less insurance coverage than the borrower could have obtained with a policy on their own.

The Mortgage Insurance Premium (MIP) is regularly confused with HOI. A simple way for borrowers to understand the difference is explaining that MIP is federally required insurance on their loan and HOI is required insurance that protects the physical structure and contents of the home.

Homeowner Association (HOA) Fees - Community Properties

Condominium or townhouse owners can receive a reverse mortgage, but for condominiums, the development has to be approved by HUD. Homes in Planned Unit Developments (PUDs) are eligible for a reverse mortgage. These housing communities are legally similar to a townhouse, but they can vary in structure and carry different levels of owner responsibility.

All HOA fees, ground rents, or other assessments must be paid by the borrower in a timely manner.

When a property is located in a super lien state (where a subordinate lien can supersede the first lien status of the HECM), and the servicer is required to pay HOA fees, the loan will go into default if there are no funds available in the borrower's Net Principal Limit to cover the payment.

In this event, the borrower will have 30 days from the date of the advance to repay the amount in full to the servicer. At 30 days, if the HOA advance has not been paid in full the loan is required to be submitted to HUD to request that it be called Due and Payable (HUD Mortgagee Letter 2015-11).

Per HUD guidelines published in ML 2015-11, these fees are not eligible for the repayment plan loss mitigation option – so they must be paid in full in 30 days.

At closing, borrowers should be encouraged to promptly communicate with their servicer whenever they have questions or concerns about their loan, and most especially if, and whenever, they receive a letter notifying them that their servicer does not have proof of homeowners insurance, or that real estate taxes or HOA fees are showing delinquency.

Philosophically Speaking

Delighted borrowers (and their heirs) who happily and willingly promote their reverse mortgage product experience constitute ultimate HECM product success.

Planning for successful reverse mortgage borrower experiences requires that professionals in the origination phase of the loan process bring the future (loan servicing) into the present by 1) working to ensure that borrowers demonstrate understanding of their loan product before closing, especially if there are any particular loan nuances (e.g. repairs, tax and insurance set-asides, non-borrowing spouse issues, etc.), and 2) introducing the loan servicer function to borrowers as a partner in their success.

One experienced and empathic Celink borrower care associate, said it best: "There's no cost to the industry or product higher than borrower displeasure due to confusion or distrust, that is, borrowers that are either misinformed or not fully informed at closing. Providing borrowers the best experience on both ends of the reverse mortgage process – origination and servicing - will mean profitability for all."

Let's never forget that we're in this together – allies for industry and borrower success. RM

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ers, below are some views and observations from the origination side of things, or "What originators want servicers to know."

The Borrower/Originator Relationship

Perhaps the primary communication disconnect with HECM borrowers, post-closing, can be tied to the disparity in the type of relationship originators and servicers have with borrowers.

Without any doubt, one of the most difficult tasks in the entire reverse mortgage process is making the initial contact with a prospective borrower and gaining trust. This is a monumental task that can take weeks, months, or even years for some originators, and once completed, is only the beginning of the journey. Throughout the origination process, one of the primary challenges for the originator is to make complicated things simple and understandable for borrowers. Understanding breeds trust.

This relationship between borrower and originator can become so personal, so deep, that borrowers often trust only their originators to answer questions and help them make decisions.

It is this intensely strong relationship that causes borrowers to insist on staying in touch with their originators after closing. For originators, staying connected with past clients is part of their commitment.

For better or worse, this continuing connection can affect the servicing handoff, so it is wise for servicers to embrace the fact that originators will likely be involved, at least initially, in post-closing servicing, if for no reason other than that the borrowers prefer it that way. It is important to note that borrowers choose the originator, but they inherit a servicer.

Monthly Servicing Statements

One of the most common servicing complaints originators hear from their clients is how confusing the servicing statements are. This is an area where huge communication advances are possible.

Even though the general content of monthly servicing statements is prescribed by HUD, the communication element of these statements is weak and not well designed for the aged. The format is not standardized, and some statement formats have more information than others. For example, some servicers don't show the second year available Line of Credit amount until the 13th statement. When originators tell borrowers that they will have additional funds available to them after the first year, but borrowers do not see evidence of that on their initial statement, they get anxious, and immediately contact the originator to ask why. This is not a question they would direct to the servicer, because it wasn't the servicer who first assured them they would have additional funds in the second year.

Standardization of the statements amongst all servicers in both content and appearance would likely eliminate much of the unnecessary confusion, and actually assist originators in explaining the statements to borrowers prior to closing.

One of the most common servicing complaints originators hear from their clients is how confusing the servicing statements are. This is an area where huge communication advances are possible.

Another communication disconnect with monthly statements is often the terminology used. The legal terms may be accurate, but they are often meaningless to the average consumer who doesn't understand our industry's legal jargon. Again, the anxiety can cause the borrower to contact the originator for interpretation and reassurance.

To alleviate this confusion, some originators have suggested including a "Definition of Terms" section on the servicing statement, or perhaps including an instructional section entitled, "How to Understand Your HECM Monthly Statement," that uses easy to understand terminology instead of technical terms.

Servicing Representatives

Even if servicing representatives are knowledgeable, professional, and helpful in all manners, as they usually are, originators still often get calls from past borrowers after the borrower has been in contact with their servicers. This is especially true in the first 12 months after closing. The reason is typically that they are confused by what they were told by the servicer, and they seek reassurance. This "double checking" of the facts is likely caused by

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the difference in the customer relationship. The borrower relationship with the servicer is more transactional and sometimes less personal, especially if multiple phone calls involve different representatives each time.

Maturity Events

When maturity events occur, the correspondence borrowers receive from the servicer is unfortunately harsh. This is dramatically inconsistent with the consultative, friendly, and helpful language borrowers have been accustomed to up to that point. Like the monthly statement, the content of these letters is, at least in part, prescribed by HUD, but that doesn't change the fact that they are imposing and frightening to borrowers or the heirs who receive them. Even though a maturity event may happen a decade after closing, some who receive these letters will contact their original loan officer for clarification, interpretation, and comfort.

Pre-Closing Education

As Mary Katherine mentioned, originators and servicers are in this together. If servicers were to create a pre-closing FAQ booklet with simple, easy to understand language that covers the most common miscommunications, originators would eagerly discuss them with borrowers prior to closing. This may create a smoother transition.

One part of the answer to the HECM servicing communication riddle may be a melding of communication styles from origination to servicing – from consultative to transactional. Guiding the customer along the continuum from beginning to end requires originators to better know and understand the future, but also for servicers to be aware of and understand the past.

No amount of information can be helpful to borrowers unless it is communicated in a way in which they are prepared and comfortable to receive it. RM

A Day in the Life of A Servicer

By Jessica Hoefer

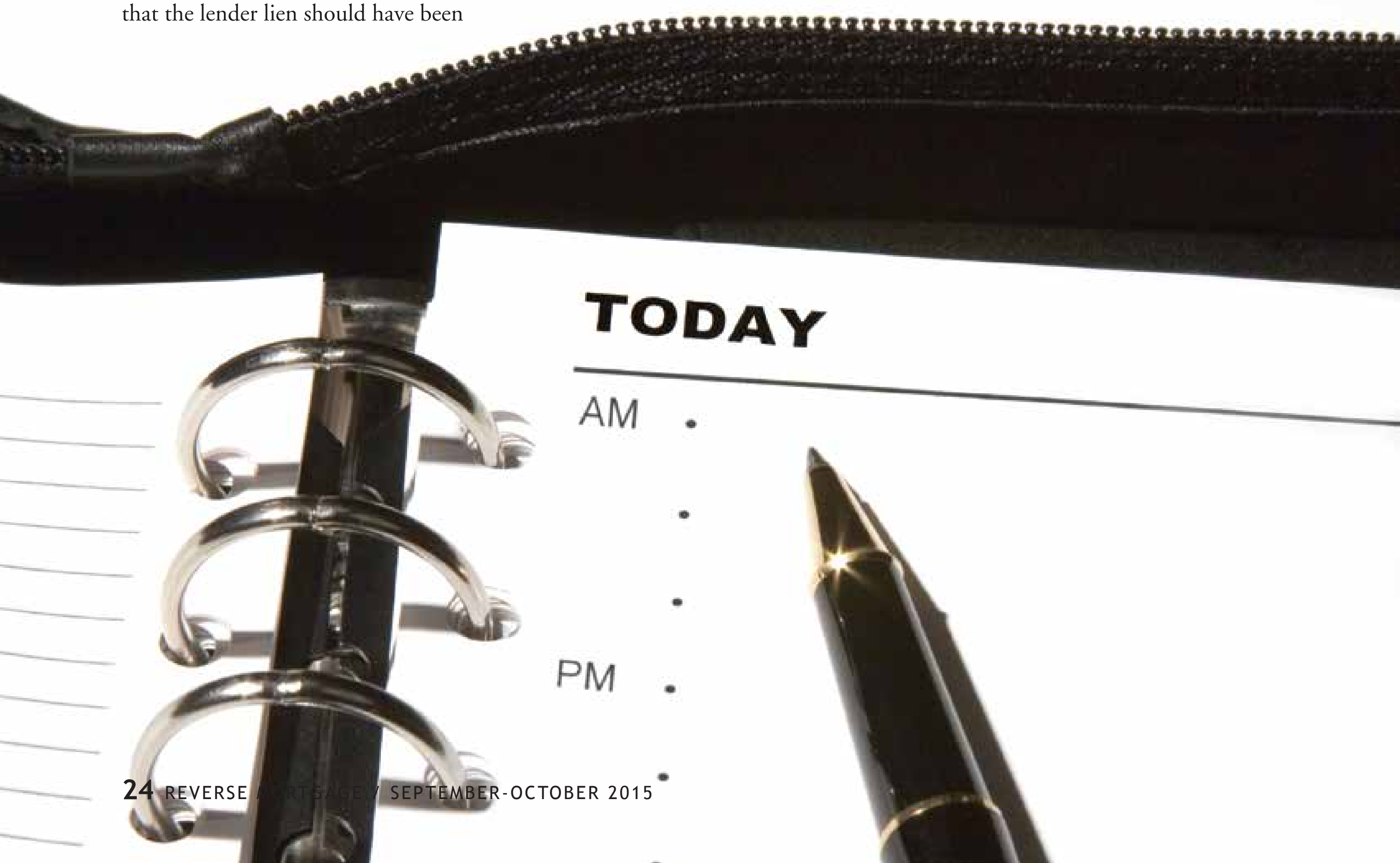
8:00am: For Robin Rice, Vice President, Borrower Care/Repairs/Processing at Celink in Lansing, MI, no two days are ever the same. In nearly 10 years with Celink and 30 years of management experience, Rice has learned to multi-task like a pro. Rice begins her day around 8:00am delegating out emails, which may include Power of Attorneys, LOC draw requests, direct deposit information, requests for documents, and requests for changes to the loan, amongst other items. This process may start first thing in the morning but it continues throughout the day.

Robin Rice

8:30-10:00am: Around 8:30am Rice gets a call from a borrower asking for her input. Mr. Graves is selling his property but an unreleased lender lien is preventing the sale. In this case, the original lender wrote and sold the lien to the new lender. Rice explains to Mr. Graves that the lender lien should have been transferred from the original lender to the new lender, whereupon, the lien is released by the original lender and re-recorded by the new lender. Mr. Graves asserts that he "provided the transfer letter and there is in fact an outstanding lien." Drawing from past experience, Rice deduces that it's likely that the original lender did not release the lien when they sold it to the new lender. After a promise to keep following up on the situation, Rice is able to tell Mr. Graves that the new lender's compliance team is sorting out the issue. She will continue to check in until the situation is completely resolved.

10:00-11:30am: Jumping from one situation to the next, Rice gets a call from an impatient contractor, Mr. Jameson, who wants the balance paid on his contract from the repairs set aside. Rice emphasizes the importance of sticking to HUD guidelines and waiting until the final

A Day in the Life continued on page 25



A Day in the Life continued from page 24

inspection is complete, the lien waiver has been received, and the invoice has been paid in full. In this situation, the final inspection has been conducted but Rice and her team are still awaiting the signed lien waiver and the paid invoice. After some back and forth, Mr. Jameson discloses that he is uncomfortable signing the lien waiver until he has the money. This is where Rice's straightforward and direct nature comes in handy as she convinces Mr. Jameson of the lender's trustworthiness. Within several hours Mr. Jameson gets the signed waivers to Celink and the money is released.

11:30am-12:00pm: With over 2,000 calls on some days there are times when every member of the Borrower Care team must get on the phone. Around 11:30am, Rice notices this is the case and initiates a "Code Red." "Code Red" signals the other departments Rice oversees, the Repair, Lost Draft and LOC teams, to get on the phones until the code ends. At this point these teams drop whatever they are working on in order to pitch in. Within several minutes the extra help has allowed the Borrower Care team to manage the call volume and the "code red" is cleared.

With over 2,000 calls on some days there are times when every member of the Borrower Care team must get on the phone.

12:00-12:30pm: As calls begin to taper off, Rice decides to boost morale with a brief reprieve of bubble blowing contests, beach balls bouncing over the tops of cubicles, and tasty treats, like ice cream, bagels, and pizza.

12:30-1:15pm: Rice's staunch work ethic oftentimes means that she misses lunch due to ongoing questions or situations. With every intention of eating, Rice's open door policy has associates wandering in and out of her homey office throughout her lunch break asking questions. With canvases of wildflowers, a cork board with photos of her son and motivational leadership quotes, two large fluffy chairs, and rolling beach balls, Rice's office has become a respite, for staff, from the day-to-day stresses.

1:15-3:30pm: On this particular Thursday, a Lost Draft issue comes across Rice's desk. An insurance company wants a signature on an affidavit saying that her team never endorsed an insurance check for damages to the home. As it turns out, someone forged the company's endorsement on the check. Rice then spends time doing research and contacting the client to reiterate that the signed check is a forgery.

3:30-4:00pm: Occasionally, Rice's newly hired associates pop in with questions regarding a concerned borrower. Today, Mrs. Calvert, has called wondering why her interest doubled in June. Rice reviews the loan and calmly explains to her associate, the loan began mid-month so only a partial month of interest was calculated in June and a full month's interest was calculated for July. Educating her new associates on the ins and outs is a daily, even hourly occurrence.

4:00-5:30pm: Late in the afternoon, Rice handles one of the day's LOC draw requests in which the requested amount exceeds the daily threshold. She calls the elderly borrower, Mrs. Thomas, to confirm the amount. Mrs. Thomas is convinced that she has a boyfriend in Nigeria. The alarmed Rice immediately begins assuring Mrs. Thomas that this could be a scam. When that doesn't wholly solve the problem, Rice reaches out to Mrs. Thomas' authorized contact, apprises them of the situation, and suggests involving the police or adult protective services. Her next step is to notify the client of the situation.

5:30-6:00pm: While Rice's position oversees the Borrower Care, Repairs, Lost Drafts, and LOC departments, at its core her job is to maintain the highest level of customer service and fraud prevention. That can mean being a listening ear, a sympathetic shoulder, or simply looking out for the best interest of the borrower. Each evening, Rice reflects on her day spent problem solving, explaining processes, and verifying occupancy. She then glances at a bulletin board just outside her office to see a display of thank you cards and happy faces from borrowers, some of them movie stars, athletes, and hall of famers. The board is a reminder of all the people she gets to help each day. RM

National Field Representatives

The Art of Occupancy Verification By Darryl Hicks

OCCUPANCY VERIFICATION CAN BE A TRICKY business. At least once a year, reverse mortgage servicers contact their customers by mail requesting confirmation that they still reside in the home as a primary residence.

While it may seem like a simple task, reality can be much more complicated. Borrowers die without heirs, or a health issue may arise that requires recuperation in a convalescent facility. Couples visit grandchildren or live in warmer climates during the winter months. Or people simply throw away the letter thinking it is junk mail.

When a borrower fails to respond to a notice within 30 days, a second notice is sent. If that notice is not returned within 30 days, the servicer initiates a property inspection and contacts a vendor, such as National Field Representatives, Inc., headquartered in Claremont, NH.

"We are the eyes and the ears of the servicers out in the field," said Margie Schagen, Manager of Business Development and Client Relations. National Field Representatives has been performing reverse mortgage property inspections since 2001.

When NFR's inspectors arrive on the scene, they begin the inspection by knocking on the door to see if anyone is at home. If the borrower answers, they explain the reason for the visit and provide further instructions for contacting the servicer.

If nobody answers, the next course of action depends on the client.

"Inspection guidelines can differ from one client (servicer) to the next," said Operations Manager Chris Ford. "If nobody answers, some servicers will ask us to secure the property right away, while others may wait a second month before taking action. We go through a lot of checks and balances before securing a property."

If the property is empty, NFR's local representatives look for clues to determine if the property is still occupied or if it has been abandoned.

"If it is wintertime and the electricity is turned off, particularly if the property is located in a northern state, that may be an indicator that the homeowner is living elsewhere," said Ford. "We also look at property maintenance and the upkeep of the lawn. Or if it's during the winter and snow is on the ground, we look for tracks around the entrances."

If the property is determined to be vacant, and the servicer grants permission to secure the property, NFR's local representatives will change the locks on one door only, so that the borrower can still get inside the home. A notice will be placed on the door to immediately contact the servicer.

If NFR's local representatives go into the property, they take special precautions not to touch anything. Adds Schagen, "Our job is not to make the property pretty, but rather to make sure it is secured and protected from vagrants."

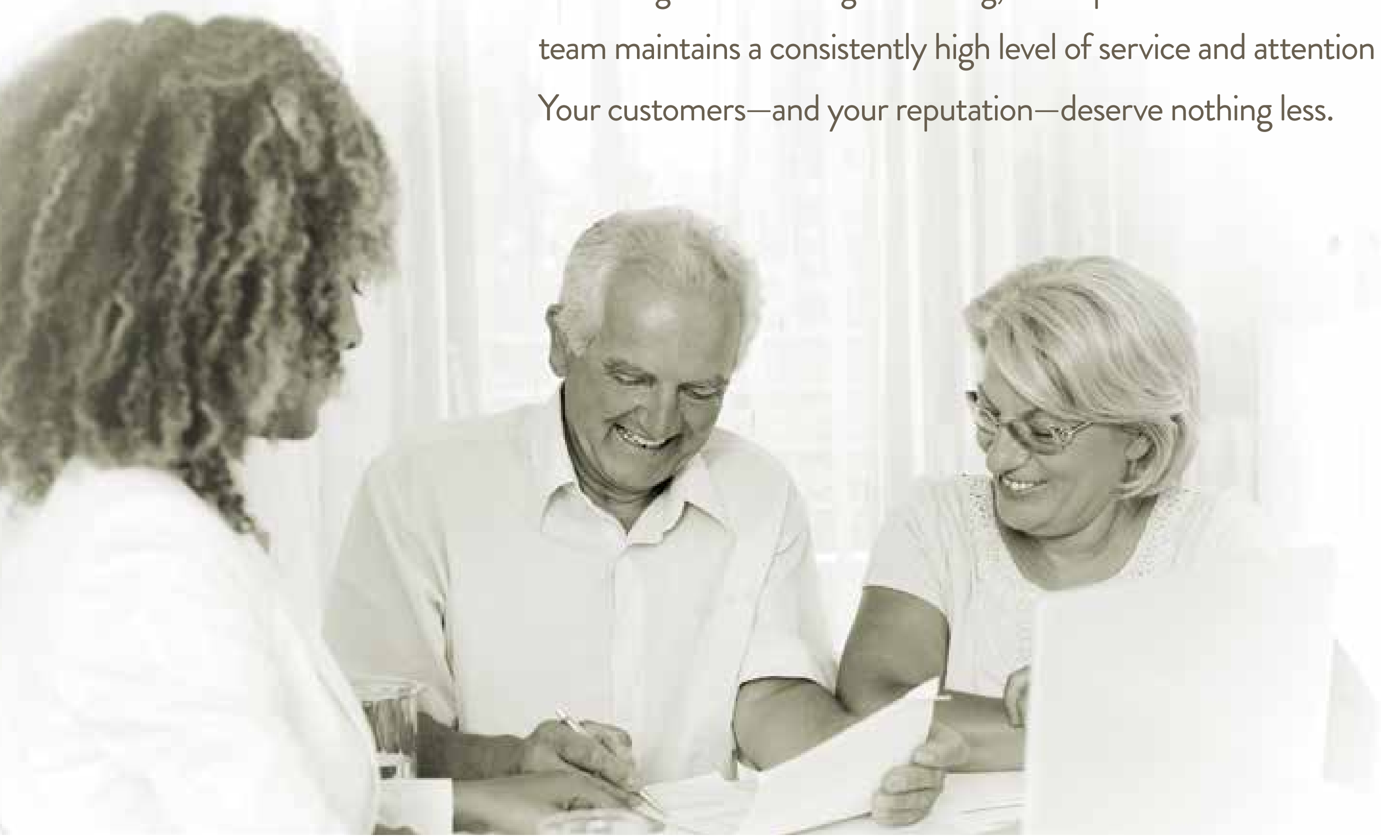
NFR occasionally discovers that a borrower has passed away and the property is now occupied by a son, daughter or other extended family.

At least once a year, reverse mortgage servicers contact their customers by mail requesting confirmation that they still reside in the home as a primary residence.

"That happens a lot more often than you would think," said Ford.

The occupants will often claim they had no idea that the parent got a reverse mortgage. In these cases, NFR reports the situation to the client and asks the current occupant(s) to contact the servicer for further instructions.

Some reverse mortgage borrowers will never tell their children that they got a reverse mortgage, and there is nothing a loan officer can do to convince them otherwise. However, loan officers can remind their clients that if they expect to be out of the home for an extended period of time, they should first contact the servicer, so that potential mishaps can be avoided, said Schagen. RM



Homechex Serves Its Neighbors

Mark Browning and team pursue a regional strategy By Joel L. Swerdlow

CALL UP HOMECHEX TODAY AND YOU'RE LIKELY to talk to one of its three founders. And, you're likely to talk about something local.

"It is quite common for year-round homes on Cayuga Lake to draw their drinking water directly from the lake," says Mark Browning, president and co-founder of Homechex, a Rochester N.Y.-based company exclusively devoted to providing liquidity to housing wealth. "If you are not familiar with the Finger Lakes Region, and especially Cayuga Lake, which is among the deepest lakes in the nation, such a practice might send a lender into orbit. But we understand local. We can help coordinate local housing grants, home modification programs, advisory services of senior service provider organizations, insure local tax exemptions or heating assistance programs are in place. Most important, we can be participants in community-based solutions for older homeowners."

Mark Browning

An official at a Rochester nonprofit specializing in financial advice to senior citizens adds, "We prefer to do reverse mortgage business with companies, like Homechex, that provide representatives who are familiar with the local real estate landscape and the local economy. Having local representatives, who can personally assist and relate with our clients, is critical in the process."

Such local orientation, combined with competencies and experience in banking unusual for a company its size, form the core of Homechex, which has never had more than 15 employees, counting loan originations and support personnel. But these traits help explain why, since its founding in 1997, the company has originated, as Browning explains, "more HECM's [Home Equity Conversion Mortgages] in New York State than any other organization of our type."

Tons of frequent flyer miles

Homechex's personality and style have their roots in Browning's experience at a federally sponsored "Phoenix" Institution that consolidated four failing New York City banks into a single Rochester, N.Y.-based bank for restructuring. "Experience there was defining," says Browning, who holds a Masters degree in finance from Florida State University. "I was part of the new team, and the unconventional nature of the organization provided unusually rapid opportunities for growth and responsibility. I was an elected corporate officer and member of the bank management committee by age 30. The Company grew, built a nationally ranked mortgage business and later became the U.S. banking arm for Canada Trust, the largest Trustco in North America. My primary responsibilities were corporate finance, asset management and mortgage capital markets. Later, I assumed responsibility for residential lending administration and became President and CEO of the mortgage banking company.

"Canada Trust was part of a Montreal based conglomerate with approximately 30,000 employees. A highlight of my prior career was to be the first U.S. participant in a multi-year management development program of the

***Homechex** continued on page 29*

Homechex continued from page 28

parent company and McGill University (Canada's leading university) that provided operating exposure to our seven sibling companies and their senior teams. These companies ranged from the Hardees Restaurant chain and a meat packing plant in the U.S. to the largest drug store chain in Canada, Shoppers Drug Mart. It was an exhilarating exposure to superb managers, widely divergent business challenges, top academics, corporate jets and private airports."

But it all came at a price.

"The inspiration to start a reverse mortgage company came at a convergence point in my life and a desire to do something different," Browning says. "A large part of my younger life was spent working late hours, on the road or doing the things that are required to be successful as a corporate banker. I had no family, few community ties, and tons of frequent flyer miles. I had also never actually met a retail customer.

"Within days of hitting 40, I quit my job, got married, bought a lake home, got to work on starting a family and decided to become an entrepreneur. The joke within the family is that I took my 40th birthday quite well."

But why reverse mortgages? "They are at the core of housing wealth management and were attractive as a new endeavor because of insufficient delivery systems, an enormous underfunded baby boomer generation and the potential positive impacts on communities, especially demographically aging communities such as those in northern states," Browning says. "I also knew from my prior career that these types of instruments did not fit neatly into mortgage banking enterprises. I formed HomeChex with David Sadowsky and David Walsh, who were also career bankers with postgraduate educations. We had worked together at the bank in Rochester."

The community approach

Fast forward to today. "Our core marketing strategy has been business to business relationship building with community banks, attorneys, senior service organizations, financial planners and accountants," says Browning. "These entities understand their clients and where a reverse mortgage might fit into a larger plan. They also represent reoccurring sources of business and are less expensive to maintain than direct to consumer marketing. This gets to the heart of our business. There can be a tendency to want to create a McHECM, but we are not dealing with McPeople or McLives. An ability to build a 360 degree perspective of the client and their complete circumstance will remain an advantage of small companies as the industry continues to evolve."

Another factor, Browning points out, is trust in small businesses. "In national polls examining 'Confidence in Institutions,'" he says, "small businesses consistently rank high, second, only to the military."

Trust is essential because the stakes are high. Some people looking at reverse mortgages may have significant debt, and others may lack funds even for basic living standards. For many others, their home might be vital to financial security in retirement. Some public opinion polls show that more Americans are worried about "outliving their money" than about dying.

Such new truths mean that Browning, in addition to his focus on local perspectives, must closely study national trends. "Our long term company goal," he says, "has always been to find ways to better weave housing wealth into retirement planning—to provide liquidity to housing wealth. Housing wealth can play a supporting role versus a solo performance as it often does now. We have always focused on reverse mortgages as a retirement solution as opposed to event-driven loans."

He continues: "For most small companies like us, the business it is not merely about generating reverse mortgages. It is about providing a needed service to our communities, helping individuals and evolving the entire wealth management sector. Currently, only a quarter of America's workers have company retirement programs. People with 401k's and IRA's are subject to market fluctuations, a standby line of credit is essential for prudent financial management. The Baby Boomer generation is tremendously underfunded. Housing wealth is the largest component of individual wealth for the vast majority of Americans. Reverse mortgages simply provide access to people's own assets, on their terms, according to their story. However, the very best place to leverage the power of reverse mortgages is as part of a comprehensive plan, and early. A more expansive view of the tool is a priority of the industry."

Asked if he, himself, might use a reverse mortgage, Browning responds, "Absolutely, especially as a growing standby line of credit! It is mystifying to me why anyone would not! Our company has provided reverse mortgages to the father of one of the founding members of HomeChex, the in-laws of my brother, one of our loan officers, and the parents of our best business connections. We believe in the purpose of our business."

Homechex continued on page 30

Homechex continued from page 29

Better terminology

Browning's life and career have clearly changed since his early days, but what does not seem to have changed are his love of action and his capacity to dream.

"As a result of FHA reform in 2010, HomeChex is now categorized as a 'broker' which is a term viewed by some as derogatory or being part of a less reputable segment of the mortgage industry," he says. "It is not true, especially in the reverse mortgage space. I would like to confront that misconception. Broker companies often are founded by people that had high powered first careers, can be more qualified than their institutional competition and are deeply committed to their communities. The point of consumer interface is often a more highly experienced individual than an employee salesperson at a larger organization. I prefer to call companies, like mine, Independent Reverse Mortgage Origination Companies."

"Whether or not the term IROC catches on," he continues, "Our long-term goal at HomeChex is to better weave housing wealth into retirement planning. The equity release vehicle does not have to be a conventional reverse mortgage product. However, since the financial crisis of 2008, the economic and regulatory environment has not been supportive of product development and financial innovation. HECM reverse mortgages remain the only viable product with the constraints of the current market."

A wide range of people who have done business with HomeChex all have the same tone of voice when describing the company. "I like doing business with HomeChex," says a financial advisor who has introduced many clients to Browning's company, "because they always do what they promise." A couple who used HomeChex to obtain their reverse mortgage says, "They kept on doing more than they had to to make sure everything was good for us."

But if you need something from HomeChex on a Saturday when the hills outside Rochester have snow, someone other than Browning will help you. He's off skiing with his daughter. RM

The Missing Antidote

By Marty Bell

THE CONVERSATIONS DIDN'T HAPPEN ACROSS THE kitchen table, but across numerous dining room tables at a CCRC on the east coast of Florida. The people I got to share time and thoughts with were all over 85 and impressive. A Harvard Law School graduate, a respected former history professor at George Washington U., people who ran their own businesses or served as top executives at corporations, the man who stole planes from elsewhere to create Israel's air force in 1947.

The topic was not reverse mortgages, but the conclusions seemed applicable to our industry. I was at the CCRC to help my 91 year old parents who had both fallen at the same time. Fortunately, neither broke anything, but there were aches and bruises and we needed to restore some stability in my mother's legs. The accident caused me to be insistent that my father could no longer be the full-time caregiver for my mother. He needed relief and she needed help. Finding an agency to provide caregivers we could trust was not an issue. But working through Medicare requirements and their long term care policy to access the benefits they qualified for was labyrinthian. Piles of paper, frequent re-readings, confusing questions, many phone calls. And I had to wonder, if this is so difficult for me, who spends each day dealing with piles of paper, frequent re-readings and many, many phone calls, how is someone in their late 80s or 90s with mobility and cognitive issues ever going to be able to do this?

That was the topic of these conversations over meals. And despite the high level of intelligence and accomplishment of those I spoke with, the reactions were fairly consistent—lack of patience and disgust. "Who needs it?" "Life's too short." And finally, and most honestly, "I can't do that anymore."

"I can't do that anymore." There it was. The crux of the issue. People who had achieved great things in their earlier life were resistant to dive into a process that could provide them benefits. And I realized what these people all once had and now lacked was confidence. Aging, sadly, is a steady stream of loss. You lose your hair, you lose your sight, you lose your teeth, you lose your mobility, you lose your career, you lose your friends, and you lose your confidence.

The drift in American culture and business towards the senior market becomes more obvious each day. Just this month, Lily Tomlin stars in a film called "Grandma" and Robert Redford plays an old man in "A Walk in The Woods." (That's right, Robert Redford as an old man!) Google announces part ownership of a company working on longevity. Aging 2.0 gathers young entrepreneurs and venture capitalists together around the country in hopes of finding the next technical breakthrough. And it seems there are more commercials for pharmaceuticals directed at aging adults than for cars or Papa John's on television each night.

But, the antidote that seems to be missing is confidence. Which brings us back to reverse mortgages and the ongoing frustration that the size of our volume does not correlate with the size of the need. Looking at the numbers of elder Americans with substantial equity in their homes and the high percentage of people lacking in sufficient retirement funding, the dearth of interest in utilizing your own home equity does not seem to make sense—until you focus on the lack of confidence, reluctance to make a decision, and fear of making a mistake.

Is it possible that we can do all the advertising we want, get better press coverage, go through an extended period without more program changes and even eliminate the bad actors and still not grow volume until we learn the skills to communicate (face-to-face, on the phone, in ads, in every way) with people who are suffering from a lack of confidence? RM

Who's Who in Reverse Mortgages

Member News

LRES Offers White Paper on AMC Best Practices

LRES, Inc., a national appraisal management company and REO manager based in Orange, CA, published a white paper entitled, "Appraisal Management Company Best Practices," that offers guidance to lenders on selecting a new AMC.

LRES' white paper discusses how all AMCs should have a highly detailed compliance process in place to meet federal, state and investor requirements.

The white paper proposes AMCs employ knowledgeable and experienced compliance managers to oversee the compliance process in order to prevent and avoid heavy penalties for the lenders. In addition, the white paper suggests AMCs deploy practices, such as establishing a monitoring process for appraisal rules changes, establishing clear procedures for communication between parties and creating a company culture to include additional compliance training. Visit www.LRES.com to download a copy.

RMF Focusing on Charleston Market

Reverse Mortgage Funding hired George Stewart as a reverse mortgage loan specialist to focus on the company's business in the Charleston, S.C. area.

In his role with the company, Stewart will be responsible for consumer education and generating HECM business, covering both the Charleston and Hilton Head territories.

Prior to joining RMF, Stewart served as a reverse mortgage consultant at American Advisors Group, and before that, he held the same position at 360 Mortgage. His tenure in the reverse industry began at Wells Fargo Mortgage, where he also served as a reverse mortgage consultant.

Celink Welcomes New CFO

National reverse mortgage subservicer Celink has hired Ronda McCoy as its new Chief Financial Officer, the company announced.

McCoy brings 20 years of financial and accounting experience to the CFO position, having served in positions of increasing responsibility at a large financial institution and the public accounting industry.

McCoy is a CPA and holds an MBA from Western Michigan University and a BA in accounting from Michigan State University.

FirstBank Grows Sales Staff

FirstBank announced the hirings of Pete Mendenhall, Mark Clark, as well as Tim Burchett, Tim Crawford, Hal Edwards and Phil McLeod, all previously from the reverse division of North American Savings Bank.

When North American (NASB) exited the reverse space, FirstBank saw a perfect fit and was pleased to not only help these originators migrate to a new home, but "we are extremely excited about bringing an experienced team that works so well together," says Dan Barksdale.

Additionally, both Clark and Mendenhall have attained the Certified Reverse Mortgage Professional designation from NRMLA, which shows an extra layer of commitment and expertise to the industry.

Profiles of NRMLA Member Companies

American Advisors Group (AAG)

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

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

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

Celink

Celink's Reverse Mortgage Servicing Mission is threefold.

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

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

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

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

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

Liberty Home Equity Solutions

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

Based in Sacramento, California, Liberty is one of the nation's largest and most experienced lenders, focusing exclusively on providing HECM loans to senior clients and wholesale business partners. We have helped change the lives of over 40,000 clients since 2004 while providing education and lending solutions to over 1,000 business partners across the U.S.

www.libertyhomeequity.com
For career opportunities call (916) 589-1853
For wholesale opportunities call (866) 871-1353

LRES

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

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

National Field Representatives

Reverse Mortgage Field Services

Dealing with Reverse Mortgages is complex. NFR is your source for information, expertise, and guidance when it comes to Mortgage Field Services. For over 15 years, Reverse Mortgage Servicing executives have relied on NFR to deliver Field Services with integrity and professionalism. We have earned the reputation as a trusted partner meeting the real-world challenges facing Reverse Mortgage Servicers. Our team members know family members may not fully understand a Reverse Mortgage and our coordinators are trained to deal with each situation gently and with compassion. NFR understands the importance of protecting your professional reputation.

Contact: Margie Schagen, mschagen@nfroline.com
Tel: 866-966-0789 ext. 5220 • www.NFROnline.com

Reverse Mortgage Solutions, Inc. (RMS)

RMS is a full service partner offering loan origination services, servicing, securitization and REO asset management solutions. Since forming in 2007, RMS has built its business through strong partnerships with Wholesale, Correspondent and Aggregation lenders nationwide. We understand our success is because of our valuable Partners. We'd welcome any opportunity to support your reverse mortgage lending needs.

RMS is a Walter Investment Management company, #1 in HMBS issuance and rated "Strong" by Standard and Poor's. We're a proud member of NRMLA and an advocate of the reverse mortgage industry. NMLS ID 107636.

Contact: RMS Wholesale Team • Phone: 866-571-8213
E-mail: Pat.Kubert@rmsnav.com • www.rmsnav.com

Reverse Vision

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

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

Reverse Mortgage Funding LLC (RMF)

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

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

Urban Financial of America (UFA)

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

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

Retail: www.ufareverse.com • Wholesale: www.ufawholesale.com
Career Opportunities: (888) 622-2073 or recruiting@ufareverse.com

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

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

Bulletins

News from NRMLA and Beyond

HUD Explains FA Requirements and Other Policy Changes to Counselors

HUD-approved HECM counselors are required to explain to prospective clients that they will be undergoing a financial assessment, as well as emphasize the importance of keeping current on property charges, but the Mortgagee, not the counselor, will conduct the assessment and determine whether a life expectancy set-aside is needed, according to guidance published by the Department of Housing and Urban Development.

HUD Notice H 2015-05 informs counselors of recent HECM program updates to policies and requirements addressing Financial Assessments, Property Charges, Lien Seasonings, Non-Borrowing Spouse Certifications, Deferral Periods, Partially-Funded Life Expectancy Set-Asides, and Servicing Fee Set-Asides. The updates and relevant guidance were announced in Mortgagee Letters (ML) 2014-21, 2014-22, 2015-02 and 2015-06.

Counselors are reminded that they must use the Reverse Mortgage Analyzer software during every counseling session and continue utilizing the Financial Interview Tool (FIT) to determine if clients qualify for other federal and state benefits.

Paying for Future LTC Needs

More than 97 percent of Americans have no financing plans for future care needs, but a reverse mortgage line of credit can help aging retirees cover their eventual cost of care, according to a recent article in Financial Advisor Magazine.

"As the borrower ages, the reverse mortgage line of credit continues to grow, providing access to significantly more funds," writes Phil Walker, Vice President of the Financial Planner Division and Business Development at American Advisors Group. "This makes reverse mortgages a superior funding tool versus a traditional HELOC, which doesn't grow over time and requires monthly payments."

Quoting from a John Hancock, Long-Term Care Cost of Care Survey, Walker writes that the cost of senior care may range from $29,640 per year for in-home care to more than $94,170 per year for convalescent care.

"Think about your senior clients and the impact that a six-figure long-term care expense could have on their financial plans. How might that affect their goal to pass assets on?" he adds.

Historic Marriage Ruling

In a televised interview, Housing Secretary Julian Castro said same-sex couples who live in states that previously did not recognize gay marriage can now take advantage of FHA's non-borrowing spouse protections as a result of the Supreme Court's ruling.

According to Secretary Castro, FHA's new policies that allow eligible non-borrowing spouses to remain in the home under certain conditions after the HECM borrower dies (as outlined in Mortgagee Letters 2015-15 and 2014-07) did not apply in states where same-sex marriage wasn't legal.

"Now it's going to be uniformly available to same sex couples," he told reporters on C-SPAN's "Newsmakers," adding that the ruling marked a "landmark day" for the country and in states where gay marriage was banned.

HUD Reiterates Policies on HECM Counseling Fees

In a memo to counseling agencies, the Department of Housing and Urban Development clarified that there is no 'cap' or maximum amount that can be charged for HECM counseling. As stated in Mortgagee Letter 2011-09, a fee of $125.00 is neither a maximum nor a minimum allowable charge.

HUD published the memo on June 2, because it is "aware that there may be some confusion about how much a counseling agency may charge for HECM counseling services and whether there is a cap on the amount that can be charged."

Counseling agencies, however, must be able to demonstrate how the fee charged to clients was calculated and what considerations contributed to the establishment of the fee. When HUD staff conducts a Performance Review, agencies will be required to have this information available. Agencies must also disclose their fee structure in their housing counseling work plan.

Democratic Lawmakers Support Rule that Protects Retirees and Investors

House Democrats threw substantial support behind a rule proposed by the Department of Labor (DOL) that will update an antiquated fiduciary rule and ensure that investment advisors work in the best interests of retirement savers.

In a letter from Democratic Ranking Members of the Financial Services Committee and the Education and Workforce Committee, lawmakers lauded the modernization of the DOL's fiduciary rule and the protection it will provide to the hard-earned savings of thousands of Americans.

"We strongly support the proposed, enforceable best interest standard and believe it would strengthen fiduciary protections for our constituents and millions of other middle-class families," said the lawmakers. "We commend the Department for engaging in such a deliberative process with stakeholders and look forward to working with you as the Department finalizes this important consumer protection."

2015 Endorsements (Through June)

Annual Endorsements

Year	Units	% Chg
2012	52,883	-22.90%
2013	60,929	15.20%
2014	52,949	-13.10%

YTD	Units	% Chg
Jun 2014	27,648	-14.10%
Jun 2015	28,343	2.50%

Endorsement and Originator Trends

Rank	Originator	Units
1	American Advisors Group	5,472
2	One Reverse Mortgage LLC	2,938
3	RMS/Security One Lending	1,825
4	Liberty Home Equity Solutions	1,108
5	Urban Financial of America	744
6	Proficio Mortgage Funding	679
7	Reverse Mortgage Funding	492
8	Live Well Financial Inc.	454
9	Net Equity Financial Inc.	363
10	Open Mortgage LLC	351

Endorsement Rank by Geographic Area (YTD) Units and Growth %

Rank	State	Units	Growth
1	California	5,320	12.90%
2	Florida	2,471	26.10%
3	Texas	2,137	8.90%
4	New York	1,734	2.60%
5	Pennsylvania	1,037	-15.10%
6	New Jersey	930	-3.20%
7	Arizona	894	-8.40%
8	Virginia	777	-7.70%
9	Illinois	741	2.20%
10	North Carolina	718	1.10%

Rank	City	St	Units	Growth
1	Los Angeles	CA	275	25.60%
2	Washington	DC	228	15.20%
3	Miami	FL	218	-8.80%
4	Brooklyn	NY	205	6.80%
5	Philadelphia	PA	205	-29.80%
6	Houston	TX	204	26.70%
7	San Diego	CA	183	-4.20%
8	Chicago	IL	170	-11.50%
9	Las Vegas	NV	159	31.40%
10	San Jose	CA	136	33.30%

Serving America's Seniors with Care

Harlon Accola, Fairway Independent Mortgage Corporation, Marshfield, WI
Bruce Anderson, Legacy Mortgage, Albuquerque, NM
Tim Anderson, Responsible Reverse Mortgage, Inc., Fernandina Beach, FL
Mehran Aram, ARAMCO Mortgage, Inc., Carlsbad, CA
Gary Ardesson, Mohave State Bank, Lake Havasu City, AZ
Janine Atamian, Premier Title & Escrow, Providence, RI
Todd Ausherman, Live Well Financial, Inc., Richmond, VA
Craig Barnes, Reverse Mortgage Funding, New Windsor, NY
Clayton Behm, Security 1 Lending, Fullerton, CA
Henrietta Belcher-Stack, WSFS Bank, Millsboro, DE
Brian Belluomini, Acrobat Financial Group, LLC, Scottsdale, AZ
Christopher Bruser, Retirement Funding Solutions, Tampa, FL
Galen Call, American Pacific Reverse Mortgage Group, Monterey, CA
Lance Canada, Homestead Funding Corp., Raleigh, NC
Eric Christensen, Access Reverse Mortgage Corporation, St. Petersburg, FL
Mark Clark, FirstBank, Overland Park, KS
Madelyn "Lyn" Coffin, The Mortgage Network, Inc., Concord, NH
Ellen Connors, Direct Finance Corporation, Hanover, MA
Angella Conrard, iReverse Home Loans, LLC, San Clemente, CA
Jim Cory, Live Well Financial, Inc., San Diego, CA
Roberto Crespo, PS Financial Services, LLC, Coral Gables, FL
David Darling, Premier Home Equity, San Diego, CA
Randy Davis, Dollar Bank, FSB, Bethel Park, PA
Jerry Delmato, Security 1 Lending, serving Connecticut
Phil Dixon, PS Financial Services, LLC, Coral Gables, FL
George Downey, Harbor Mortgage Solutions, Braintree, MA
Brandy Edwards, Liberty Home Equity Solutions, Irvine, CA
Mark Anthony Erskine, Banc of California NA, Beverly Hills, CA
Nancy Everitt, Reverse Mortgage Solutions, Mission Viejo, CA
Carolyn Fields, 1st Financial Reverse Mortgages, The Villages, FL
Nancy Foster, The Mortgage House, Inc., San Luis Obispo, CA
Marshall Clayton Gallop, Reverse Mortgage Funding, Jacksonville Beach, FL
Pamela Gasser, Gershman Mortgage, St. Louis, MO
Jaime Girard, Reverse Mortgage Funding, Melville, NY
Dave Gomer, Senior Funding Associates, Calabasas, CA
Philip Goss, Senior Funding Associates, Glendora, CA
Mike Gruley, 1st Financial Reverse Mortgages, Plymouth, MI
Larry Hanover, Universal Lending Corp., Mt. Prospect, IL
Jane Harrington, M&T Bank, Buffalo, NY
Sue Haviland, iReverse Home Loans, LLC., Jarrettsville, MD
David Heilman, Franklin Funding Reverse Mortgages, Charleston, SC
Melinda Hipp, VanDyk Mortgage, San Antonio, TX
Dan Hultquist, Open Mortgage, Douglasville, GA
Song Hutchins, Asian-American Homeownership Counseling, Rockville, MD
Robert Charles Jayne, Vanguard Funding LLC, Garden City, NY
Dean Jones, Senior Funding Associates, San Diego, CA
Karen Keating, Tradition Title, Inc., Bay Shore, NY
J. Burgess Kegan, Retirement Funding Solutions, St. Michaels, MD
James A. King, McGowin-King Mortgage LLC, Birmingham, AL
Brett Kirkpatrick, Harbor Mortgage Solutions, Braintree, MA
Mace Kochenderfer, A New Mexico Reverse Mortgage, Albuquerque, NM
Rebecca Koontz, Frost Mortgage Banking Group, Albuquerque, NM
Pat Kubert, Reverse Mortgage Solutions, Canton, MI
Larry Lau, Security 1 Lending, Honolulu, HI
Shane Lester, Reverse Mortgages of Arkansas, Little Rock, AR
David Levitt, Circle Mortgage Corporation, Hollywood, FL
Laurie Libby, Liberty Home Equity Solutions, Newport Beach, CA
Tim Linger, 1-866-REVERSE Mortgage, Orlando, FL
Robin A. Loomis, NOVA Home Loans, Tucson, AZ
Dennis Loxton CFP, 1st Financial Reverse Mortgages, Fort Wayne, IN
Teresa Maines, Homeowners Reverse Mortgage Center, Hickory, NC
Jonathan Michael Maiolatesi, 1st Financial Reverse Mortgages, Plymouth, MI
Michael Markoff, Nations Lending Corporation, Marlton, N
Mario Martirano, Agency for Consumer Equity Mortgages., Elmsford, NY
Daniel Matthews, Direct Finance Corp., Norwell, MA
Michel McKnight, American Pacific Reverse Mortgage Group, Citrus Heights, CA
Joe McParland, Direct Finance Corp., Norwell, MA
Bruce McPherson, Retirement Funding Solutions, San Diego, CA
Pete Mendenhall, FirstBank, Leawood, KS
Tony Miller, Credit Union Mortgage Association, Inc., Fairfax, VA
Sue Milligan, Alpha Mortgage, LLC, Metairie, LA
Robert Mills, Greenleaf Financial LLC, Portland, OR
Colleen Moore, Golden Equity Mortgage, San Diego, CA
Lisa Moriello, Mortgage Master, Inc., Fairfield, CT
Roberto Nascimento, Arlington Financial Corp., Yonkers, NY
Lisa Nass, Gershman Mortgage, Clayton, MO
Tim Nelson, V.I.P. Mortgage, Inc., Scottsdale, AZ
Greg Newman, Nations Lending Corporation, Marlton, NJ
Vickie Nguyen, HighTechLending, Inc., San Diego, CA
Edward O'Connor, FirstBank Mortgage Partners, West Babylon, NY
Anissa Palmatier, Liberty Home Equity Solutions, Danvers, IL
Alina Passarelli, Marketplace Home Mortgage, Edina, MN
Beth Paterson, Greenleaf Financial, St. Paul, MN
William Pisani, Jet Direct Funding Corp., Bay Shore, NY
Daniel Porter, Mikana Financial, Wailuku, HI
Karen Rayfield, Security 1 Lending, Virginia Beach, VA
Mark Reeve, Plaza Home Mortgage, Inc., San Diego, CA
Eric Rittmeyer, Fidelis Mortgage, Baltimore, MD
Teresa Rose, Senior Security Funding, Sydney, OH
Ken Seal, Neighborhood Mortgage, LLC, Bellingham, WA
Donnell Secrease, Reverse Mortgage Funding, Sacramento, CA
Bruce Simmons, American Liberty Mortgage Inc., Denver, CO
Richard Simpao, Lineage Lending, Carlsbad, CA
Glen Smart, NOVA Home Loans, Tucson, AZ
Philip Stevenson, PS Financial Services, LLC, Miami, FL
Rick Sweeney, Open Mortgage, LLC, Incline Vilage, NV
Neil Sweren, Southern Trust Mortgage, Owings Mills, MD
Malcolm S. Tennant, Access Reverse Mortgage Corporation, St. Petersburg, FL
Pamela Tennant, Access Reverse Mortgage Corporation, St. Petersburg, FL
David Tourtillot, Homestead Mortgage, LLC, Hanover, MA
Parker Turk, Sun American Mortgage Company, Mesa, AZ
Alain Valles, Direct Finance Corporation, Hanover, MA
Bonnie Wallace, Citywide Home Loans, CHL Mortgage, Provo, UT
Lynn Wertzler, Greenleaf Financial, LLC, Portland, OR
Peggy Whalen, Direct Finance Corporation, Hanover, MA
Patricia Whitlock-Stephanides, GuardHill Financial Corp., New York, NY
Patricia Wills, Retirement Life Funding, Silver Spring, MD
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