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VIA E-MAIL

February 24, 2020

Senator Shirley K. Turner
1230 Parkway Ave.
Suite 103
Ewing Twp., NJ 08628
senturner@njleg.org

Re: New Jersey Senate Bill 1226

Dear Honorable Madam:

I write this letter on behalf of the National Reverse Mortgage Lenders Association (NRMLA) and its members to express its concerns regarding New Jersey Senate Bill 1226 (S.B. 1226). As discussed in further detail below, we are concerned that if enacted as drafted, S.B. 1226 will have a severe chilling effect on New Jersey seniors' ability to obtain a reverse mortgage and legitimate reverse mortgage business activity in New Jersey. As such, we respectfully urge you to amend S.B. 1226 to remove the requirement that reverse mortgage counseling in New Jersey must be conducted in person.

NRMLA is the national voice of the reverse mortgage industry. With over 300 member companies and over 2,000 member delegates, NRMLA serves as an educational resource, policy advocate and public affairs center for lenders and related professionals. NRMLA was established in 1997 to enhance the professionalism of the reverse mortgage industry. Our mission includes educating industry participants on best practices, regulatory requirements and market dynamics; providing helpful information to consumers about reverse mortgages; enforcing our Code of Ethics and Professional Responsibility;¹ and offering insight to policymakers working on reverse mortgage matters and related issues. NRMLA members make over 90% of the reverse mortgages originated today.

As you are aware, a reverse mortgage allows a borrower to turn equity in his or her home into cash payments without having to move or make monthly mortgage payments. Eligible seniors may use the proceeds from a reverse mortgage loan to, among other things, supplement retirement income, and make repairs or improvements to their homes. A reverse mortgage may be a critical financial "safety net" for a senior. In addition, while we agree in principle that additional consumer protections are generally worthwhile, we urge you to revise S.B. 1226 due to the unworkable in-person counseling provisions contained in the bill.

One of the most prevalent reverse mortgage program in the country today, including in New Jersey, is the Federal Housing Administration (FHA)-insured Home Equity Conversion Mortgage (or HECM) loan. S.B. 1226, as introduced and currently drafted, requires that a

¹ *Code of Ethics & Professional Responsibility*, NRMLA, <http://www.nrmlaonline.org/nrmla/ethics/conduct.aspx>.

prospective reverse mortgage applicant to undergo the reverse mortgage counseling session in person.

Requiring that counseling be conducted in person will have a chilling effect on reverse mortgage originations in New Jersey, and such a requirement is **not** provided by FHA under the HECM program. The federal government simply requires that there be counseling by an independent HUD-certified counselor. The consumer makes the choice of whether such counseling takes place in person or by telephone. The net effect of S.B. 1226 as currently drafted will be to deny consumer choice and rights under the FHA HECM program. Many seniors are not able or choose not to travel to meet with a counselor in person.

NRMLA wishes to point out several very important facts about FHA-insured HECM loans. All seniors wishing to obtain a HECM reverse mortgage **must** be counseled by a counseling agency approved by HUD. The counseling agency also **must** follow robust HUD reverse mortgage counseling guidelines and protocols.

Lenders under the FHA HECM program **must** provide prospective senior applicants with a list of HECM counseling agencies. Certain national and regional intermediaries **must** always be included on the list. In addition, the list **must** include at least five agencies within the local area, state or both of the prospective applicant, and one of the local agencies should be located within a reasonable driving distance for the purpose of in-person counseling if the senior chooses to undertake in-person counseling. With the HECM program, a lender is restricted from taking and processing a full and complete HECM loan application until the prospective applicant has gone through counseling and presents a counseling certificate to the lender. However, under the FHA-insured HECM program, in-person counseling is not required.

In addition, we further note that, today, it appears that only the following eight counseling agencies in New Jersey are approved by HUD for reverse mortgage (i.e., HECM) counseling:²

Name	Agency ID	Address	Phone	Website
AFFORDABLE HOUSING ALLIANCE, INC.	82133	PARKWAY 100, BLDG 4 3535 ROUTE 66 NEPTUNE, NJ 07753	(732) 389-2958	http://www.housingall.org
AFFORDABLE HOUSING ALLIANCE, INC. TOMS RIVER BRANCH OFFICE	90482	1415 HOOPER AVE SUITE 301 TOMS RIVER, NJ 08753	(732) 256-8650	http://www.housingall.org
CCCS OF DELAWARE VALLEY, INC. DBA CLARIFI	82443	595 RANOCAS RD WESTAMPTON, NJ 08060	(800) 989-2227	http://www.clarifi.org
COUNTY OF BERGEN, DEPARTMENT OF HUMAN SERVICES, DIVISION OF SENIOR SERVICES	80398	1 BERGEN COUNTY PLZ FL 2 HACKENSACK, NJ 07601	(201) 336-7400	http://www.co.bergen.nj.us
FAITH FELLOWSHIP COMMUNITY	82472	2707 MAIN ST SAYREVILLE, NJ 08872	(732) 727-9500	http://ffcde.net

² See https://entp.hud.gov/idapp/html/hecm_agency_search.cfm, last accessed on February 18, 2020.

DEVELOPMENT CORPORATION				
GARDEN STATE CONSUMER CREDIT COUNSELING, INC. D/B/A/ NAVICORE SOLUTIONS	84870	200 U.S. HIGHWAY 9 MANALAPAN, NJ 07726	(732) 409-6281	http://www.navicoresolutions.org
NAVICORE SOLUTIONS - MANALAPAN, NJ	82226	200 US HIGHWAY 9 MANALAPAN, NJ 07726	(732) 409-6281	http://www.navicoresolutions.org
SENIOR CITIZENS UNITED COMMUNITY SERVICES OF CAMDEN COUNTY, INC.	80409	537 W NICHOLSON RD AUDUBON, NJ 08106	(856) 456-1121	http://www.scucs.org

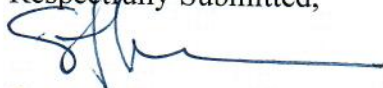
Thus, maintaining a New Jersey senior's ability to engage in telephonic counseling, if they choose to do so, is critically important, particularly if the potential consumer has special needs, such as lack of mobility or speaks a foreign language.

Further, the bill calls for a seven-day cooling-off period after a loan commitment is issued. We are not opposed to a cooling-off period, however, the bill goes on to state that the lender must provide the borrower with a seven-day rescission notice. Rescission is a post-contracting mechanism. As the bill recognizes, there is also already a rescission period provided under federal law. For this reason, we ask that the language regarding rescission be removed from the bill.

We firmly believe that S.B. 1226 as currently drafted will have the unintended consequence of decreasing the availability of reverse mortgage counseling while simultaneously imposing unnecessary hardships on New Jersey seniors seeking a reverse mortgage loan. This may potentially result in seniors being denied access to credit and a critical economic "lifeline" in their time of need.

As such, we oppose S.B. 1226 as currently drafted, and we respectfully urge you to amend S.B. 1226 to remove the requirement for a mandatory in-person meeting for reverse mortgage counseling.

Respectfully Submitted,



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CC: Peter Bell, CEO, NRMLA