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Volume 13, No. 2

Reverse Mortgage

The official magazine of the National Reverse Mortgage Lenders Association

Untapped Markets

Lenders must better understand the needs of financial planners and their clients

NRMLA

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NRMLA

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Meet This Month's Contributors

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Joel Berg (*Untapped Markets,* p. 16, and *Hopeful Horizons*, p. 30) has been a business-to-business reporter and editor for more than 20 years, both in-house and freelance, covering finance, healthcare, environmental regulation and general business news for local, regional and national publications. Most recently he was editor of the *Central Penn Business Journal* and *Lehigh Valley Business* in Pennsylvania. He also has taught writing and communications at York College, Millersville University, Gettysburg College and Harrisburg University.

Darryl Hicks (*Talking Heads,* p. 10) is vice president, communications for NRMLA where he writes the *Weekly Report* and administers the CRMP program. He roots for the Steelers and the Phillies and reads mysteries as he rides the Metro to work each morning.

Steve Irwin, (*Moving Forward,* p. 5) president of NRMLA, oversees the association's initiatives to serve as an educational resource, policy advocate and public affairs center for consumers, lenders and related professionals. His background includes experience with strategic planning, organizational design, portfolio acquisition, risk management and quality control. He received his B.A. from Grinnell College and his MBA from the University of San Francisco.

Mark Olshaker (*CRMP: Across the Kitchen Table*, p. 13, *Industry Experts on High Alert*, p. 24, *New Condo Rules*, p. 28, and *Borrower Chronicles*, p. 33) is a best-selling author of fiction and nonfiction and an accomplished researcher in the areas of crime and medicine, as well as a documentary film writer and producer. He has written 16 books, including *Law & Disorder* with former FBI Agent John Douglas and *Deadliest Enemy: Our War Against Killer Germs,* with Dr. Michael Osterholm. His latest book with Douglas, *The Killer Across the Table,* was published by Harper Collins in 2019. Their book, *Mindhunter*, is the basis for the current Netflix series. RM

Shifting Strategies Are Key to Selling Reverse Mortgages

Financial Planners Need Our Guidance as We Learn How They Work

By Thomas A. Barstow

SALESPEOPLE ALWAYS LOOK for an edge, and sometimes that means learning about a topic that might seem foreign, at least at first. In this month's cover story, as well as other articles, several reverse mortgage lenders discuss how they have tapped financial advisers as a source of clients. That effort has meant that they needed to better understand how the advisers operate and what their customers need. It also has required loan originators to become teachers, showing reluctant planners how reverse mortgages can help clients create a sound financial future. If that education is lacking, opportunities will be missed.

"Financial advisers have deep-sixed more transactions than they've facilitated over the years," Shelley Giordano tells Joel Berg, writer of this issue's cover story that begins on p. 16. Giordano is founder of The Academy of Home Equity in Financial Planning at the University of Illinois. As Berg reports, she is among those fighting to improve the reputation of Home Equity Conversion Mortgages.

Her advice is straight forward: Work hard. And that requires getting directly in front of the advisers.

American Advisors Group (AAG) has done so, telling Berg that it has reached more than 4,000 financial professionals over the last few years. "This is the fastest growing segment of our business," says Jesse Allen, AAG's executive vice president of alternative distribution.

Hank Sanders, a strategic business specialist for AAG, can see both sides pretty clearly, telling Berg that he is a former financial adviser. "This reverse mortgage is not a panacea," he says. "It's not right for everybody. But when it works, it does something that nothing else can do for that client."

In his *Talking Heads* interview with Harlan Accola, CRMP, national reverse mortgage director at Fairway Independent Mortgage Corp. (p. 10), *Reverse Mortgage* Associate Editor Darryl Hicks explores strategies further.

Accola likens financial planners to real estate agents on the forward mortgage side of the industry. Accola tells Hicks that loan originators need to educate financial planners because "they tell people not to do them without knowing what they're saying. They are the gatekeepers and, if we can get those gates open, it's going to make a dramatic difference.

He, too, recommends a concerted effort to educate planners. "One presentation is not going to change somebody's attitude," Accola tells Hicks, before offering tips on the best ways to proceed. "… Without question, the opinions can change after a second, third or fourth meeting."

Sales and marketing tips are at the center of another article (p. 20). In that piece, experts discuss the importance of using modern technologies but also of applying a deep commitment and belief in the product.

Steve Sless, reverse mortgage division manager for Primary Residential Mortgage Inc. in Finksburg, MD, talks about developing a personal brand through social media and how that can make it much easier to meet with clients because they feel like they already know you. "What

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In Reverse continued from page 3

that does is it really starts to break down trust barriers and puts them more at ease," he says. "If they feel like they know you, and they feel like they can trust you and they can relate to you before even shaking your hand for the first time, you win."

Others, such as Ken Krajewski with CIBC Bank, note that the foundation starts with a commitment to the core product and working hard to evangelize about it. "I am a salesperson, no doubt about it," he says. "I am selling reverse mortgages, and I am really, really proud to tell people that I sell reverse mortgages. ... We change people's lives every single day. I love this product, and I love the people this product serves."

Also in this issue, writer Mark Olshaker takes a closer look at the new rules involving sales of reverse mortgages in condominiums (p. 28). Theoretically, HUD clarified what needs to be done to clear the way for using reverse mortgages for a single unit in a complex. As Olshaker reports, lenders are finding that a lot more needs to be done to make the process seamless.

But no sale is going to go through if your computer systems and data are compromised. In another article (p. 24), Olshaker talks to experts to examine some best practices for dealing with cybersecurity and cyber threats. Olshaker's report looks at compliance, training and other issues facing all reverse mortgage companies. Some of the concerns are not obvious, and all policies need to include third-party vendors, as Jill Haro, senior vice president for corporate administration for LRES Corp., a CA-based appraisal management company, points out.

This edition of *Reverse Mortgage* is intended to give you some more insights into sales and marketing. All sales involve knowing your customer. But as Steve Irwin, NRMLA president, points out in his column (p. 5), that isn't so easy in an ever-evolving marketplace.

"All customers are changing," Irwin writes. "Their priorities are continually shifting. The needs and demands they focus on today won't be the same tomorrow. The successful, cutting-edge companies will learn how to anticipate these changing demands and shifting priorities." RM

As Customers Change, We Need to Adapt

Service Must Be Delivered Through to the End of a Product's Life Cycle

By Steve Irwin, President, National Reverse Mortgage Lenders Association

"The only thing we know about the future is that it will be different."
— Peter Drucker, management consultant, teacher and author

WE HAVE ALL REPEATEDLY HEARD the reporting on the latest demographic trends. You know: By 2030, one in five Americans will be 65 years of age or older; 10,000 people a day are turning 62; and over half of today's households won't have enough savings/income to support themselves in retirement.

Steve Irwin

These stats often present themselves as a tremendous market opportunity. How then do we grab a hold of this opportunity, lead the industry forward and create true and meaningful value for the customer, rather than simply respond to the changing demographic realities?

In talking with our industry leaders and participants, as well as occasionally with the end customers you all serve, it has become glaringly apparent that one critical key to success will be developing an understanding in the fact that must always be kept in front of ourselves. Namely, all customers are changing. Their priorities are continually shifting. The needs and demands they focus on today won't be the same tomorrow. The successful, cutting-edge companies will learn how to anticipate these changing demands and shifting priorities.

Those that will truly create value for the ever-changing customer will deliver a consistent, branded experience that the changing customer can rely on and trust. The customers' expectations will be exceeded by the authentic experience that will be delivered. The service delivery won't only be throughout the early phases of their experience, but consistently and straight through to the end of the product's life cycle. This will necessarily require working with partners to deliver consistent service and quality.

These industry leaders will focus on saving customers time and irritation. They will create value by offering peace of mind.

The break-from-the-pack industry leaders will respect each and every customer's individuality and strive to give those customers control over their experience.

They will let customers interact with the company in a way they so choose.

Finally, the market leaders of tomorrow will lead their ever-changing customers to places they may not yet know they want to go.

Yes, there is opportunity presented to us all in the changing demographics of our country. But, as NRMLA CEO Peter Bell has often told me, this opportunity is not necessarily destiny. I know that I will continually strive to understand the association's ever-changing customers.

I look forward to seeing which market leaders will do the same with their own. RM

The Biz

EVERYTHING NEW YOU NEED TO KNOW

People are talking about ...

Senior Housing Wealth Reaches Record $7.19 Trillion

Homeowners 62 and older saw their housing wealth grow by 0.3 percent or $24 billion in the third quarter of 2019 to a record $7.19 trillion from the second quarter of the same year, NRMLA reported in its quarterly release of the NRMLA/RiskSpan "Reverse Mortgage Market Index" (RMMI).

The RMMI rose in Q3 2019 to 259.19, another all-time high since the index was first published in 2000. The increase in senior homeowners' wealth was mainly driven by an estimated 0.5 percent or $40.7 billion increase in seniors' home values, offset by a one percent or $16.5 billion increase of senior-held mortgage debt.

"Research suggests that as we age, Americans will spend more of our hard-earned retirement assets on health care, such as insurance, prescription drugs, in-home care and other services that help us remain independent," says NRMLA President Steve Irwin. "A retirement plan that includes the responsible use of home equity may be the best option that can help ensure healthcare spending doesn't become a financial burden for many retired couples."

2020 HECM Loan Limits Raised to $765,600

The U.S. Department of Housing and Urban Development (HUD) raised the maximum loan limit for Home Equity Conversion Mortgages (HECMs) from $726,525 to $765,600, effective for case numbers assigned on or after January 1.

The new maximum limit applies to Freddie Mac's special exception areas of Alaska, Hawaii, Guam and the Virgin Islands. Details are provided in Mortgagee Letter 2019-20, which HUD published on December 3.

"It is great to see FHA continue to support the HECM program with higher loan limits," says Longbridge Financial CEO Chris Mayer. "Nonetheless, we believe there are many clients who will find that proprietary products, like our Platinum LOC, are more attractive than either HECMs or traditional HELOCs or cash-out refis, due to the combination of low up-front costs and a growing line of credit."

New York Governor Signs Bill Regulating HECMs

Soroush Shahin, with Weiner Brodsky Kider PC, writes for *Reverse Mortgage* that, on December 6, New York Governor Andrew Cuomo signed into law Assembly Bill 5626 (AB 5626), which, among other things, regulates reverse mortgages issued under the Federal Housing Administration's Home Equity Conversion Mortgage (HECM) program. AB 5626 also appears to require lenders offering reverse mortgages in New York to obtain approval from the Superintendent of the New York Department of Financial Services (Superintendent) in order to make HECMs in New York. The bill was to take effect March 5, and the Superintendent must amend, add and/or repeal any rules and regulations necessary to implement the bill's provisions by June 3.

In addition, AB 5626 provides that an authorized lender, or any other party or entity, is prohibited from engaging in any unfair or deceptive practices in connection with the marketing or offering of reverse mortgage loans and must not: (i) use the words "government insured" or other similar language representing that reverse mortgage loans are insured, supported and sponsored by any governmental entity in any commercial, mailing, advertisement or writing relating thereto; (ii) use the words "public service announcement" in any commercial, mailing, advertisement or writing relating thereto; or (iii) represent that any such loan is other than a commercial product.

Read the full analysis by Shahin at *www.nrmla-online.org/2019/12/12/new-york-governor-signs-bill-regulations-hecms.*

19 Facts About Women and Retirement

The nonprofit Transamerica Center for Retirement Studies (TCRS) recently published "19 Facts About

Women's Retirement Outlook," its annual research study on women and retirement. For 14 years, TCRS has published research showing that women are at greater risk of not achieving a financially-secure retirement compared to men. Highlights include:

- Only 12 percent of women included in the study are "very confident" that they will be able to retire comfortably;
- Women's total household retirement savings is $23,000 (estimated median);
- Thirty-two percent expect Social Security to be their primary source of retirement income; and
- Only 15 percent have a written retirement strategy.

The "19th Annual Transamerica Retirement Survey," a 2018 survey of about 6,000 workers, including 3,064 women, illustrates that women in the workforce have a strong vision of retirement, yet many face challenges that make it more difficult to adequately save, invest and prepare than their male counterparts. The research offers ten steps women can take to gain greater control of their retirement.

Visit *www.transamericacenter.org* to view all materials related to this release, including the survey report, a fact sheet and a press release.

The press is talking about ...

How to Create a Retirement 'Paycheck'

Syndicated columnist and certified financial planner Liz Weston recommended strategies for improving retirement security that included getting a reverse mortgage.

After first discussing income annuities, Weston adds, "Another option could be a reverse mortgage. If you have a lot of equity but still have a mortgage, a reverse mortgage could pay off your loan and eliminate those monthly payments."

Other strategies shared by Weston included claiming Social Security at age 70 to maximize benefits and using the "spend safely in retirement" method created by retirement expert Steve Vernon and the Society of Actuaries that helps consumers determine the percentage of funds they should withdraw each year from their retirement accounts.

12 Ways to Get More Money in Retirement

Motley Fool writer Selena Maranjian includes reverse mortgages as one of 12 ways to get more money in retirement. "Reverse mortgages are an … option for many but not all people. They involve borrowing money with your home as collateral. A lender agrees to pay you a certain sum each month—or perhaps a lump sum—and you get to stay in your home," she writes.

Other strategies that can improve retirement security include paying off high-interest rate debt, increasing the amount of money saved and invested leading up to retirement, investing in dividend-paying stocks, working a little in retirement and moving to a less costly area.

In Washington, they're talking about ...

FHA Commissioner Shares Achievements and Priorities With Housing Subcommittee

Testifying in early December before the Subcommittee on Housing, Community Development and Insurance in the U.S. House of Representatives, Federal Housing Administration (FHA) Commissioner Brian Montgomery says FHA has made "tremendous strides" in improving the financial performance of its insurance programs, mitigating risks within its programs, reducing regulatory burdens and modernizing technology platforms.

He commented on FHA's "Fiscal Year 2019 Annual Report to Congress," which concluded that the Home Equity Conversion Mortgage (HECM) MMI Capital (i.e., economic net worth) improved by $7.71 billion, moving from negative $13.63 billion at the end of FY 2018 to negative $5.92 billion at the end of this past fiscal year.

"The HECM program's financial footing is significantly more stable today, but remains far short of the Department's objectives," Montgomery told lawmakers.

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To further improve the fiscal soundness and viability of the HECM program, Montgomery noted that FHA last year published Mortgagee Letter 2019-16, which extended the HECM Collateral Risk Assessment requirements indefinitely, and Mortgagee Letter 2019-15, "which provides more guidance for HECMs related to nonborrowing spouses, as well as to the heirs of the last surviving HECM borrower, and both clarifies and streamlines servicer responsibilities in the assignment process."

Read the full testimony and watch a webcast of the hearing at *financialservices.house.gov/calendar/eventsingle.aspx?EventID=404857*.

Jahangiri, Norman Reelected Co-Chairs of NRMLA

NRMLA's Board of Directors reelected Reza Jahangiri of American Advisors Group (AAG) and Scott Norman of Finance of America Reverse (FAR) to serve as co-chairs from now until the 2020 Annual Meeting.

Reza Jahangiri

Jahangiri, who was first elected co-chair in 2014, is the founder and CEO of AAG, based in Orange, CA. He has served on the Board since 2013.

Scott Norman

Based in Austin, TX, Norman is the vice president of field retail and government relations for FAR and the driving force behind the campaign to amend the Texas Constitution to authorize reverse mortgages in the state in 1999. He was first elected co-chair in 2019 and has served on the Board since 2012.

In addition to Jahangiri and Norman, NRMLA congratulates the following individuals for being elected officers:

- Robert Sivori, Celink – Vice Chair;
- Jim Cory, Open Mortgage – Vice Chair;
- Mike Kent, Liberty Home Equity Solutions – Secretary; and
- Michael McCully, New View Advisors – Treasurer.

Additionally, Joe DeMarkey of Reverse Mortgage Funding LLC, will serve as chairman of NRMLA's executive committee.

New Financial Podcast Touches on Reverse Mortgages

NRMLA CEO Peter Bell was a special guest on a recent edition of the new "Friends Talk Money" podcast that addressed the pros and cons of reverse mortgages.

It was co-hosted by: Rich Eisenberg, managing editor of senior news site *Next Avenue*; Terry Savage, author and financial columnist; and Pam Krueger, investor advocate and founder of the Wealthramp web service. The podcast touched on consumer protections, such as counseling, the importance of paying property taxes and insurance, and recent reforms that have made the Home Equity Conversion Mortgage more appealing to retirement advisers.

"This mortgage has matured," said Krueger. "I used to be not a fan, but now I'm in the camp that this is a tool to consider."

Congratulations, New CRMPs

NRMLA congratulates the following individuals for becoming Certified Reverse Mortgage Professionals: Olivia Shinavar, a loan originator with Finance of America Reverse in San Diego, CA; and Dan Summerfeldt, a loan originator with Sierra Pacific Mortgage in Portland, OR.

New Members

NRMLA also welcomes the following new members:

- All Reverse Pro, based in Hiram, GA (associate);
- Forever Home Foundation, based in Highlands Ranch, CO (nonprofit);
- Reverse Technology Group LLC, based in Palm Beach Gardens, FL (associate);
- Service First Mortgage, based in Benbrook, TX (lender); and
- ZVN Properties Inc., based in St. Louis Park, MN (associate).

And now you're up to date.

LET US KNOW WHAT YOU'RE TALKING ABOUT.
This forum is the place for readers to share their opinions with fellow colleagues about the direction of the reverse mortgage business and other retirement trends. Submissions should be limited to 100 words or less and submitted to Associate Editor Darryl Hicks, at *dhicks@dworbell.com*.

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Harlan Accola, National Reverse Mortgage Director, Fairway Independent Mortgage Corp.

By Darryl Hicks

FIVE YEARS AGO, Harlan Accola, CRMP, convinced Madison, WI-based Fairway Independent Mortgage Corp., one of the country's largest forward mortgage companies, to expand its efforts in the reverse mortgage space.

In that short amount of time, Accola and his operations team have built Fairway into a top-ten reverse mortgage lender. While many companies saw reverse mortgage volumes plummet in 2019, Fairway had its best year ever, originating 1,009 Home Equity Conversion Mortgages (HECMs), which ranked seventh nationally.

While it helps to have 3,000 loan officers and 500 branches across the country, Accola attributes much of the company's success in the reverse mortgage marketplace to the support that he has received from senior management.

Reverse Mortgage magazine sat down with Accola to talk about Fairway's leadership, his goals for 2020, and the importance of financial planners and real estate agents in those plans.

Reverse Mortgage: ***While HECM volume dropped 35 percent in 2019, Fairway had its best year ever. What factors contributed to this success?***

Harlan Accola: People pat me on the back and say, "You've done a great job." I think I've done a good job. We have 500-plus offices and 3,000 loan officers. There's an argument that I should be doing better. I engaged a few more loan officers and a few more branches and got them interested in originating reverse mortgages, but Fairway is really good with Realtors. We doubled our HECM for Purchase (H4P) production. H4P represented seven percent of all HECM originations in 2019, but at Fairway, it was 15 percent of our production. I can walk into a branch office anywhere in the country and talk to ten, 20, 30 Realtors who come to hear me speak about reverse mortgages because they know who Fairway is.


Harlan Accola

RM: ***You just celebrated your five-year anniversary at Fairway. What has been your proudest achievement thus far?***

HA: I would say getting an agreement to come to Fairway. It's amazing that a management team that oversees $34 billion in forward mortgage production even cares about reverses. It's not just the CEO Steve Jacobson, but the COO, the CFO, the VP of products, the VP of secondary marketing, the head of legal. I can name eight or ten people who return phone calls, pay attention to my emails and ask questions. They all have really big-time responsibilities on the forward side, yet they still care about reverses. It boils down to the company culture: If we're going to do it, we're going to do it right.

RM: ***If more companies the size of Fairway got into the reverse mortgage space, could that help boost reverse mortgage production?***

HA: The corporate and sales cultures have to be just right. A lender can't just hang out a shingle and say, "Hey, we do reverses." It took me a while, but I ultimately concluded that 90 percent of all forward loan officers think reverse mortgages are a bad idea, just like 90 percent of the public, attorneys, etc. They all think it's a loan of last resort and a bad thing. To educate the 7,000 employees that we have, including 3,000 loan officers, is hard. Without question, getting more forward mortgage companies into the reverse mortgage business is critical, but whether they make a difference in helping to grow the marketplace, the answer is maybe. It depends on their commitment level. There's no company I've run into anywhere, small or large, in the forward business, that has the commitment at the top that Fairway does. I am working with people in accounting, products, secondary markets, legal. The legal group sends attorneys to my training sessions to learn about reverses, even though we're a tiny part of the company.

RM: ***What are your goals for 2020?***

HA: The quick answer to your question is that we want to do 2,000 loans in 2020. The more complicated answer is to more completely educate more of Fairway's 7,000 employees.

RM: ***You spend a great deal of time traveling the country speaking to financial planners. Why are they so important to your company's success?***

HA: Financial planners are to reverse mortgages the same as Realtors to forward mortgages. We need a lot of Realtors who like our company and refer business, because usually a buyer goes to a Realtor first. It's no different with retirement planning. There is nobody out there who looks at their mortgage guy or gal as a financial planner. We must get to the person who is putting that together and, quite frankly, they need to be educated. It's awful that so many of them are poorly educated on the financial planning aspects of a reverse mortgage that they tell people not to do them without knowing what they're saying. They are the gatekeepers and, if we can get those gates open, it's going to make a dramatic difference.

RM: ***Why don't more financial planners advise their clients who are retired or nearing retirement to consider using a reverse mortgage?***

HA: There are two groups of financial planners. There are those who know a little bit about reverse mortgages and encourage clients to use them when they run out of money. This is the "last resort" group who believe that is really the only use of a reverse mortgage. The second group—because of perceived or real regulation issues—don't talk about them at all. Very few planners use them consistently as part of a holistic financial plan. This ongoing lack of knowledge and bias is very hard to change and can only be done with consistent information flow and discussion with the planners.

RM: ***What misconceptions do planners have about reverse mortgages? Do their opinions ever change after they sit through your presentations?***

HA: Overwhelmingly, the misconception is that the bank takes the house and hurts the heirs. Many financial planners are afraid of the heirs suing them. There's a certain amount of, "Well, we don't want the client to get a reverse mortgage because they're planning to give the house to the kids." This is ridiculous, because most kids sell the house. We handle that misconception in the first three minutes.

The more dangerous misconception is when a planner says, "I've got a positive attitude about reverse mortgages. I think they're good for the right people." Translate that, and they mean it's good for the 85-year-old widow who's broke. The vast majority of planners are completely zeroed in on that misconception. "Thanks for your card. I'll let you know when my clients run out of money." Do those opinions ever change? Yes, for the ones who want to learn. One presentation is not going to change somebody's attitude. Schedule a follow-up meeting and go through some case studies for their clients. Without question, the opinions can change after a second, third or fourth

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meeting. The first presentation should be to "please open your mind just a crack, so that we can teach you some things about reverse mortgages."

RM: ***Do you have a process for scheduling meetings with financial planners?***

HA: We'll set up the initial meeting with all of the planners who work with a Fairway branch. This meeting lasts 45 to 60 minutes. Then we'll offer to come to their home office to do a more in-depth presentation with case studies that lasts two hours. Sometimes we'll sponsor a Financial Planning Association event for continuing education, but generally, we're working with relationships—just like we do with Realtors—that are already established with a branch in Sioux Falls, SD; Yuma, AZ; or Mansfield, TX. That's a big advantage that we have.

RM: ***What advice can you give to someone who wants to develop relationships with financial planners in his or her own community?***

HA: The biggest problem I see in the reverse mortgage industry is that there are a lot of people who want to deal only with the easy stuff. Potential customers who are broke and need a loan now. Or they buy leads. If you want to talk with financial planners, you better know your stuff. Read Wade Pfau's books and know them inside and out. Learn about sequence of returns risk and standard deviation. Don't go into someone's office and say, "Hey, if you know someone who needs money, I can help …" You have to be the type of person they want to talk to. Financial planners talk to salespeople all the time who pitch mutual funds, REITs, and other investments. They don't have time to talk to people who are no value to them. If you don't go in knowing more than the financial planner, don't waste your time. There are plenty of ignorant people in the reverse mortgage business who can't have an intelligent conversation with a financial planner, and that hurts us, because all it does is perpetuate the notion that reverse mortgages are a loan of last resort. RM

Varied Career Keeps Leading Back to Reverse Mortgages

A Chat With Ellen Connors, CRMP

By Mark Olshaker

ELLEN CONNORS SAYS SHE TOOK TO the reverse mortgage industry because it "goes along with my personality: visiting people, hearing their stories, helping with their finances."

"I don't feel I'm selling a product as much as giving people enough information to make good decisions for themselves," adds Connors, a Certified Reverse Mortgage Professional (CRMP) at Shamrock Home Loans of Rumford, RI.

Connors' affinity for helping people and listening to their stories runs in her family. Connors grew up in Abington, MA, about 20 miles southeast of Boston. "My grandfather was a trustee of the Abington Savings Bank, and I loved the whole idea of money, finance and helping people."

After a couple of years of college, she went to work for the bank. After about 18 months, Connors had the opportunity to get into the mortgage department, which was not only her introduction to home financing, but also operations, an experience she continued to build on throughout her career. She tried other areas of banking and even other industries but kept coming back to mortgages.

Ellen Connors, CRMP

"I went to work at Citizens Bank in Boston and, after about three years, got into corporate planning, guiding bank departments on how to improve income and balance sheets," Connors says. "I loved it. Then Abington made me an offer I couldn't pass up."

That offer brought her back to the mortgage business. Because of her career ambitions, Connors never finished college, but she had always valued education. "I found

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out that Simmons University had an MBA program that admitted applicants without a bachelor's degree, but with what they called 'extraordinary work experience.'"

Connors qualified. "And so, in my mid-30s, I got my MBA from Simmons," she says. This was in 1999, just as the mortgage industry experienced one of its periodic downturns. She was offered a job as an underwriter with a mortgage insurance company, but then the offer was withdrawn before she started work because of the company's lack of business. She spent two years as a corporate recruiter, first in banking and then for an engineering company.

"Then the mortgage business picked up again, and I went right back into it. I had a wonderful run with Washington Mutual in the Quincy-Braintree area [of Boston] and eventually moved up to vice president and managed 150 employees. Then, in 2006, they shut down our fulfillment center," Connors says. "Management positions were all going to Florida and Texas where the big institutions were establishing mammoth service centers. We knew our own market well and thought we could give better service because of that, so I didn't like this new approach and knew I wasn't going to move out of the area."

Once again, in 2007, Connors contemplated a career change. Because of her lifelong interest in helping people, she applied to nursing school and was accepted. Meanwhile, through a class she was taking, she met someone who had a neighbor who was looking for qualified hires for Bank of America's reverse mortgage department. She was interviewed, offered a position and accepted it, walking away from nursing before she started school.

"Coming from the operations side, I knew I was ready to get into sales," Connors recalls. "But the fear of a full-commission job was always scary to me. I would have a salary at Bank of America, so that was a perfect match for my skill set." She found herself educating branch personnel about reverse mortgages and covering a territory that ran from Wellesley, MA to the South Coast, Cape Cod and Barnstable County.

> *"I don't feel I'm selling a product as much as giving people enough information to make good decisions for themselves."*
>
> **—Ellen Connors, CRMP**, Shamrock Home Loans

Her next step was to MetLife until, like other large financial institutions, it stopped generating HECMs. "When they got out of reverse mortgages, I had to make a decision," she says, adding that she didn't want to work for another big company where she would face market forces and corporate policy decisions beyond her control. That was when Connors decided to go for her CRMP, which she earned in January 2014.

"It is absolutely valuable," she says. "You can call yourself a professional, and it affects the way you do business. The kind of education I received and can impart sets me apart from competitors. And continuing education means you are always improving your craft."

She was attending an event in Fall River, MA, when she met someone from Shamrock. "I had an interview, and I really clicked with their philosophy," Connors remembers. "They really impressed me with their approach to clients. Mortgages are all they do, and they've been through four different economic cycles and managed to stay successful."

She says she was drawn to the core values exemplified by Shamrock Founder and CEO Dean Harrington and President Rod Correia. "They are always evolving, getting better and working on their craft," she says. Harrington is the immediate past president of the Rhode Island Mortgage Bankers Association.

Connors has been at Shamrock for five years now and is the only reverse mortgage originator in the company. She has nothing but praise for the support she receives from Harrington, Correia and everyone else in the organization. "It takes a team of professionals to make this business work," she comments. "And the philosophy of this company is 'Whatever it takes to get it done, we'll do.'"

Nearly all of her business comes from referrals, and she can't personally imagine conducting her own operation the way the large wholesale and telephone sales-oriented companies do. "With the clients I have, I can't see myself not dealing on a personal level, explaining and educating. To me, it's about sitting at the kitchen table with somebody. I go into the weeds and really try to find a solution that works for the individual client."

For a *Reverse Mortgage* magazine story two years ago on women in the industry, Connors observed, "To men, the sale is more of a transaction. To women, it is more of a relationship."

With her commitment to the field and her years of experience, Connors has broken down the reverse mortgage process into three components: "There is the analytical component, which is the math, the numbers, and everything that goes along with it. There is the social component, which means networking, understanding the community in which you're working and building relationships. And then there is the teaching component, which is letting potential clients know about the product and what it can do for them."

Connors has been married for 20 years to Herb Connors, a mechanical engineer who is currently a lab supervisor at Wentworth Institute of Technology in Boston. They spend much of their free time on their 32-foot Carver motor yacht, which they call their home away from home. At this point, apparently, that is the only thing that has been able to pull Connors away from the mortgage business. RM

Untapped Markets

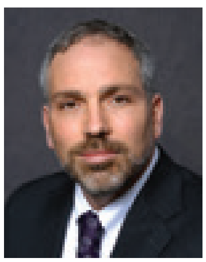
The Goal for Lenders Is to Better Understand the Needs of Financial Planners' Clients

By Joel Berg

SUSTAINED EDUCATIONAL EFFORTS by industry groups and individual lenders are beginning to win over financial advisers, who might have been reluctant a decade ago but are now opening up to reverse mortgages.

"I think it's starting to turn a corner," says Jim Costello, an attorney specializing in estate planning for the law firm Norris McLaughlin in Bridgewater, NJ.

Home Equity Conversion Mortgages (HECMs) have never been an easy sell, and originations have declined sharply over the last decade due to regulatory and other changes. But industry experts believe the product can gain more traction as a financial tool in the years ahead. Many older Americans lack adequate savings but have built up equity in their homes. They could use the HECM to fund their retirements or cushion the shock of long-term care expenses.



Jim Costello

It can help close sales if financial advisers are on the same page, say leaders in the reverse mortgage industry. Among the challenges is convincing financial advisers that HECMs or other reverse mortgage products are feasible for their clients. The products are somewhat counter-intuitive for advisers, says Tracy Burke, a partner and investment consultant with Conrad Siegel, an investment firm based in Harrisburg, PA. "We try to work with our clients to increase their net worth by paring down debt and growing their assets. With a reverse mortgage, you're, in a sense, now increasing that debt again," Burke says.

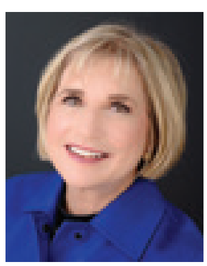

Tracy Burke

And heirs who pick up the pieces after a borrower passes away still often are not pleased to learn a reverse mortgage is in place, adds Costello. "I've run into situations where my clients have taken out reverse mortgages and, when the kids find out, they're just horrified," Costello explains. "They need to be educated, as well, that the existence of a reverse mortgage does not mean the home has been given away to the bank."

Nonetheless, Costello says he is open to using reverse mortgages in the right situation. "You really have to crunch the numbers and get over that hurdle of what it's going to cost you in terms of origination and other fees," he says. "If the numbers make sense, I'm for it every time."

Not every adviser is so open. Many lenders can tell stories of financial planners who quickly dissuaded potential HECM borrowers.

"Financial advisers have deep-sixed more transactions than they've facilitated over the years," says Shelley Giordano, founder of The Academy of Home Equity in Financial Planning at the University of Illinois. Based in Washington, DC, she also is head of enterprise integration for Mutual of Omaha Mortgage.


Shelley Giordano

Giordano is among the industry experts leading the charge to improve the HECM's reputation. Financial advisers are a crucial audience for positive messages about reverse mortgages, she says, because they regularly interact with people in or near retirement. But advisers still have many misconceptions about HECMs. One of the most common is that the bank ends up owning the house, a claim she still hears advisers make, Giordano says.

"That just shows you how little reflection has been spent on the house as an asset," she says. "They don't even think about it. They weren't trained on it."

Cost and complexity are additional issues raised by financial advisers. Advisers also may be under the impression that their compliance officers do not allow them to talk about reverse mortgages with clients, Giordano says. And advisers may view loan officers as salespeople with a greater stake in pushing a product than in helping retirees. When advisers research reverse mortgages on their own, meanwhile, they often come across negative news stories on the internet.

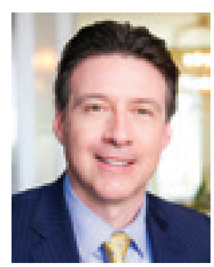
Attitudes have been changing, albeit not quickly, Giordano asserts.

"There's very little incentive for people to change and so that's why it takes a concerted campaign," she says.

That campaign includes conferences and favorable articles in the financial and academic press. The Academy of Home Equity in Financial Planning also is working with broker-dealers on model language for how advisers can talk to clients about housing wealth, Giordano says. But it also takes face-to-face conversations between advisers and reverse lenders.

"That's a really hard way to scale a business but, for an industry, it works," Giordano says, citing her experience at Mutual of Omaha. "We have lots and lots of people who are having fantastic careers and their business comes from financial advisers. But it didn't happen overnight. It takes consistent effort to get in front of folks on a regular basis."

American Advisors Group has been taking a similar approach. Company executives say they have presented to more than 4,000 financial professionals over the last few years.


Jesse Allen

"This is the fastest growing segment of our business," says Jesse Allen, executive vice president of alternative distribution for AAG, which is based in Orange, CA. "And we see it as the strongest opportunity for not only AAG but for the industry to really have a meaningful dialogue with the 43 million-plus potential buyers out there."

While advisers are more open—in part, out of recognition that many retirees will need access to home

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Untapped *continued from page 17*

equity—they still require education on reverse mortgages, the AAG executives say. And advisers are curious, especially when they start to consider the reverse mortgage as another financial tool, says Ryan Ponsford, a financial adviser who is now a strategic business specialist for AAG. "I think this need for additional strategies to solve specific planning gaps is contributing to their interest and desire to learn."

Ryan Ponsford

They may not be interested, however, in the product-specific details that have long been a staple of marketing reverse mortgages. Loan officers should instead see reverse mortgages more broadly, as a solution to the problems facing an adviser's clients—namely, how to fund retirement and, if needed, long-term care, says Ponsford.

"Technical knowledge is great, but at the end of the day, that doesn't always do the trick," Ponsford says.

Questions will still arise, particularly about the cost of a reverse mortgage, AAG executives acknowledge. But they can be addressed in the context of how advisers think.

"Everything that a financial adviser works with, whether it's a variable annuity or an exchange-traded fund or a read of their own asset management fee schedule, there's a cost," says Hank Sanders, a strategic business specialist for AAG and a former financial adviser. "And it's either worth it and it adds value for the outcome that you're trying to achieve with that client or it doesn't. This reverse mortgage is not a panacea. It's not right for everybody. But when it works, it does something that nothing else can do for that client."

Hank Sanders

On the positive side, advisers may be comforted by recent regulatory changes designed to protect HECM borrowers, as well as the longstanding requirements for counseling.

"That is a great source of comfort to advisers," says Stephen Resch, vice president of retirement strategies for Finance of America Reverse and a practicing financial adviser based in Nashville, TN. He says advisers also can be persuaded if the reverse mortgage is positioned as a risk management tool.

"We're not selling a mortgage," Resch says. "We're selling an opportunity to incorporate an asset class not previously part of the retirement planning process."

Stephen Resch

First, loan officers need to get a foot in the door. The key lies in building relationships with advisers in their areas and understanding their needs, Sanders says. Instead of relying on cold calls and emails, loan officers should show up at meetings of local financial planning associations, study the goals of individual advisers and periodically stop by their offices.

"This reverse mortgage is not a panacea. It's not right for everybody. But when it works, it does something that nothing else can do for that client."

—Hank Sanders, AAG

It is a high-cost approach, Sanders acknowledges, but one with a high rate of return. "Not everyone's willing to do that. But those who are, I think that is the quickest way to success."

It was an approach that worked with Tracy Burke, the Conrad Siegel financial adviser. He says he recently invited in a reverse mortgage lender to educate staff at his firm, which manages about $5 billion in assets. But that was only after the lender had sponsored several meetings of the local financial planners' association.

"It took some time, and it might have been five or six points of contact," Burke says.

The loan officer discussed reverse mortgages but also addressed head-on some of the negative baggage related to the product. The approach helped to build trust, Burke says, which is important to him as a fiduciary whose primary goal is to look out for his clients.

Burke says he hasn't yet recommended a HECM for any of his clients. But the product is now on his radar and he believes its reputation is improving. "It definitely is on the right track," he says. RM

Believe Before You Sell

Experts Outline Tips for Selling and Marketing Reverse Mortgages

By Thomas A. Barstow

TOOLS, TECHNOLOGIES AND TRAINING all can generate great leads for your business, but plain hard work, loving what you do and believing in reverse mortgages remain critical.

"I am a salesperson, no doubt about it. … I am selling reverse mortgages, and I am really, really proud to tell people that I sell reverse mortgages," says Ken Krajewski, who works in Michigan as managing director and head of reverse mortgage lending at CIBC Bank, which is based in Chicago. "We change people's lives every single day. I love this product, and I love the people this product serves."

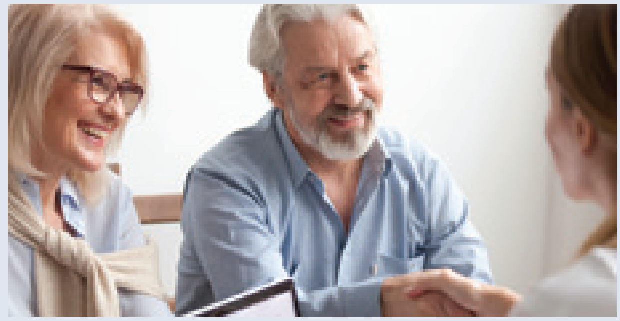
Selling reverse mortgages is a difficult business, and it can't be done part time, says Krajewski, who was among the executives, trainers and loan originators who offered tips on sales and marketing during the NRMLA Annual Meeting held this past November. Krajewski recalls how he developed a plan to get 100 "pillars" in 90 days when he started selling reverse mortgages about ten years ago. Essentially, he would get up in the morning and not come home to his family until he was certain that he had put in the legwork to get referral sources, which he calls pillars. Over time, those initial leads led to hundreds more.

Because he works for a bank, Krajewski says, the compliance issues of using social media mean that he doesn't use those tools to develop leads but acknowledges how useful the technologies can be for others. Steven Sless, reverse mortgage division manager for Primary Residential Mortgage Inc. in Finksburg, MD, says that social media can be an excellent way to connect with clients and referral partners for those who learn how to master it. Social

Believe continued on page 22

Reverse Mortgage Buyers Are Vibrant, Healthy and Certainly Not Old

By Thomas A. Barstow



One mistake salespeople make is to assume people seeking reverse mortgages are feeble. A 62-year-old thinks someone in his or her 70s is old. A 72-year-old thinks someone in his or her 80s is old. “My 88-year-old mother still talks about old people,” says Steven Ranson, CEO of HomeEquity Bank in Toronto, Canada.

Many of the rules for reverse mortgages are similar in Canada, but when it comes to potential clients, a couple of factors are exactly the same. For one, nobody wants to be thought of as a senior or senior citizen, says Ranson. His company has done research on how to reach that older demographic and how to best cater a message to them. Instead of “seniors,” for example, they now use terms such as older Canadians or Canadians in retirement.

Also, like the reverse mortgage industry in the United States, HomeEquity combats the unfair or ill-informed media coverage that makes buyers reluctant to even consider a reverse mortgage, especially if it is viewed as a last resort.

“We suffer from a lot of the same stigma, I guess, that you suffer from down here,” says Ranson, who gave a presentation at the NRMLA Annual Meeting late last year. “We read the PR that you guys are getting and, unfortunately, our customers read some of it, as well.”

The goal is to change the conversation to make reverse mortgages a discussion about retirement plans, he says. That includes creating positive images of couples in their homes, actively working around their houses or getting around in their neighborhoods, while understanding that people have an emotional connection to their homes.

It also means getting the terms right. For example, “unlocking equity” can give people an image that connotes how they are gaining freedom, says Ranson.

“We were going to help them unlock that equity and as a result of that they had freedom,” he says, “so they had the freedom to make decisions and use that money in ways that really worked for them.” HomeEquity’s research also shows that the word “empowerment” didn’t register well with audiences. Instead, he says, “They like the idea that they had the freedom to choose something.”

Loan officers need to recognize that a 62-year-old person today is much different than someone of the same age only 15 years ago, Ranson asserts. They are more active, more tech savvy and likely to do a lot of internet research. Ten years ago, he says, 80 percent of lead activity came from television ads, with about 20 percent from the internet. Now, about 90 percent comes from digital sources. “They really are tech savvy,” Ranson says.

And people are living longer and healthier lives, which means that a couple where each person is 65 is likely to have one of them live into their 90s. “How are they going to manage their assets in that period of time?” Ranson adds.

Older Canadians often feel pressure from multiple sources to sell homes, including from real estate agents and their own children, Ranson says. Instead of ignoring such trends, his company developed advertisements that humorously tapped into those concerns, while ensuring they were avoiding language or images that showed age bias or stereotypes.

“Don’t portray people as elderly or frail or helpless,” Ranson suggests, adding that parents also don’t want to be portrayed as needing help from their children. “Parents still want to feel like parents.” Parents want to think they are doing something for their children and don’t want to think their kids will need to care for them.

Another key is to not stuff advertisements with too much information. “If you give people too much information up front, they tend to tune out and lose interest because it is just more than they can absorb,” Ranson says. RM

Believe continued from page 20

media, as well as other more traditional platforms such as radio or television, can help you position yourself to be an authority figure in your market. Over time, you will develop a brand that will make you reputable, he says.

"Having a personal brand just makes everything that much easier, when the consumers feel like they know you, when they feel like they can relate to you," Sless says. "What that does is it really starts to break down trust barriers and puts them more at ease. If they feel like they know you and they feel like they can trust you and relate to you before even shaking your hand for the first time, you win."

The first step toward building a professional social media presence is a relatively easy one: Get a professional photo headshot that can be used on networks such as Twitter, Facebook and LinkedIn, Sless says. The second step is to get a LinkedIn profile, using some of its paid features to boost your marketing efforts. Then, controlling the narrative is critical to getting your message out.

"Are you educating, or are you showboating on social media?" Sless asks. "It's all about education building. Your own personal brand is all about education and using these tools is critical to building your own personal brand."

Sless also uses social media to promote referral partners, whom he often works with in giving seminars.

"Having a personal brand just makes everything that much easier, when the consumers feel like they know you, when they feel like they can relate to you."

—Steven Sless, Primary Residential Mortgage Inc.

"We use social media to create a buzz," he says, adding that testimonials are excellent ways to promote a business through social media. "We want to be loud and proud of what we do."

In terms of approaching customers, Loren Riddick, CRMP, notes that education becomes critical, partly because he truly believes the product helps people. Riddick is national director, reverse mortgage lending, at Thrive Mortgage in Alcoa, TN. "We all know that we are doing something good," Riddick says. "There is a fire in our belly of doing the right thing every time. If we believe in this program, then why do we not talk to everybody we know and everybody we care about. I believe that with all my heart."

Riddick adds that, often, people will tell him as he travels across the country that it is not so much what he says but his "conviction and confidence in this amazing program."

"This confidence and certainty far and beyond come from past client experiences and appreciation rather than lectors, books and the like," he says. "I encourage everyone to focus on those moments in time where the overwhelming gratitude and success stories of our clients ring strong and true in both our memories and hearts. This is the fuel that powers through all 'nay sayers,' negative press, ignorance and so much more."

Riddick says he will find himself telling clients, "I am sharing this with you because I don't want it on my conscience that I didn't tell you about it."

Other experts agree that face-to-face meetings are great but not always practical. Jud Lyman is training manager with Liberty Home Equity Solutions, Rancho Cordova, CA.

Because Liberty runs a call center, his team developed a system that doubled production in 12 months with a two-call process. While call center workers aren't in a position to meet with clients face to face, the first call purely is to apply a personal touch. In the first call, no application is taken, Lyman says. It strictly is dedicated to learning about a client, which can't be done in a 15-minute fully-scripted call. In fact, workers are trained to pivot, recognizing that a conversation could go in numerous directions. It takes time for people to get good at it, he says. And no numbers are discussed on the first call or the discussion becomes a transaction, rather than an opportunity to build a relationship.

"Everybody talks about building rapport and trust," Lyman says. "From my perspective, that takes 45 minutes."

The second call is where the sale happens, and salespeople often make the mistake of leaving it up to the client to decide whether to proceed. "You have to be willing to ask for the sale," he says. "It seems simple, and it is, but it is amazing how often it is overlooked. It is almost

like that we don't want to push too hard. … If you believe in the product, you should be able to get them there."

Lyman recommends giving people options but no more than two. More than two can confuse things, while at least one option keeps them active in the decision-making process. "Once they choose, they basically have sold themselves at that point," he says. "I lose very few deals at that point.

"I already know which one they are going to pick," he adds. "But they don't want to hear that from me. I want to hear that from them."

Sless says that his operation allows for face-to-face meetings but that phone sales are part of the strategy, too. That means having trusted notaries who can help a client walk through the paperwork but also knowing the process well enough to call a loan originator to get questions answered. In the end, he says, leave it to the customer as to how they want to do business. Some might want to come to the office to make sure it isn't a person sitting alone in a basement but who is part of a sophisticated operation. But the experts seem to agree that the best situation is getting into someone's home.

"Without question, I think the best thing you can do is get into their house," Krajewski says. "If somebody lets you into the house and you sit down with them and have a cup of coffee or sit at their kitchen table, I think it develops a rapport and a trust that can never be duplicated over the phone or through the mail."

That isn't always going to be possible—as in when he gets a deal in Florida—but you need to do what the client wants, Krajewski adds. However, once you have seen their pictures and discussed their grandkids during an in-home conversation, they will be comfortable with you. "They are not going to listen to competitors anymore," he says.

Riddick adds that, while there is a balance with the time commitment to go to a home, it also offers the opportunity to see if there might be issues with deferred maintenance or other observations that could help a client. "It cannot be duplicated, that face-to-face connection," he says.

"I think that we all would agree that, in a perfect world, we could meet with every client, family, adviser, etc., personally versus a phone, internet, and/or overnight delivery experience," Riddick adds. "The more that we move from the ideal, the percentages of changing that life and closing business goes down dramatically."

When possible, face-to-face interaction also is important for developing referral partners.

Krajewski said he will work to get a meeting with one financial planner in an office with many planners. After an hour with that one person, his goal is to have convinced him or her that the time was well spent and encourage that person to spread the word to colleagues. "That is how I get into the broader group," he says.

And he uses a tactic that has proven to work well: He points out that, if the planners aren't fully versed in reverse mortgages, the time will come when an informed client will ask about it. "It's your obligation to know how this product works," Krajewski tells planners. That gets their attention every time, he adds. RM

Industry Experts on High Alert

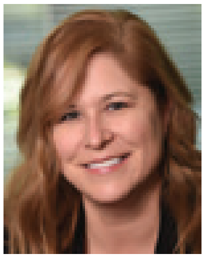
Companies Must Take Proper Steps to Ensure Data and Systems Are Protected From Cybercrime

By Mark Olshaker

WITH STORIES OF CYBERCRIMINALS and bad actors exploiting weaknesses within companies becoming increasingly common, reverse mortgage experts find two words: security and privacy. And companies—as well as their vendors—must prepare or face dire consequences.

Mark Johnson

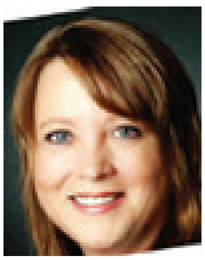
Mark Johnson, president of LRES Corp., a residential and commercial real estate services company based in Orange, CA, notes that high-profile incidents are as recent as the 2019 hack at Capitol One and the 2017 breach at Yahoo. "If it can happen to these huge, publicly-traded companies, it can happen to anyone," Johnson declares.



Jill Haro

Jill Haro, LRES senior vice president for corporate administration, points out that the Office of the Comptroller of the Currency Bulletin 2013-29 makes clear that any organization that outsources services involving sensitive material to a third party does not relieve that organization of compliance responsibility. "It's not uncommon for us to get due diligence questionnaires with upward of 300 questions," she says, "covering everything from regulatory compliance, to how we're protecting data, to financial stability of us and our clients, and how ongoing issues could affect that."

Sarah Cavanaugh, senior compliance officer for Finance of America Reverse (FAR) in Maple Valley, WA, says her company has a strong vendor management program in place under the legal and compliance umbrella. "We work constantly with our partners on business continuity and technology issues," she says.



Sarah Cavanaugh

She has broken down industry best practices into four categories: compliance management, physical security, information security and enforcement.

She says that compliance management involves four key elements: policies and procedures to ensure compliance; ongoing training; sustained monitoring and auditing of systems; and keeping systems visible to all staff and working together to remediate any issues.

Haro recommends making sure all employees understand the regulations and have everyone acknowledge company policies and procedures at least yearly.

Here is a closer look at the other three categories.

Physical Security

Cavanaugh says that every employee should badge in and badge out and watch out for "tailgating," where a stranger follows an authorized person through a secure door or checkpoint. But it is even more complicated than that. "With the greater number of employees working remotely, do you have controls in place for how they access sensitive information?" she asks.

Cavanaugh also recommends a "clean-desk policy," shutting down computers rather than just putting them to sleep at the end of a work session. The IT department should conduct sweeps of printers at the end of each day looking for unclaimed documents. "Proper record storage and destruction are critical," she says.

Awareness and surveillance of who is coming through external doors is just the tip of the physical security iceberg, Haro asserts. "Do you have an additional level of security for highly-sensitive areas, like your server room, mailroom and check-printing room? Who controls alarm systems? Who has keys to what areas, and who manages them? Are you screening and monitoring visitors as they're navigating through your building? How have you planned for handling safety and emergencies: sickness and injuries, fire safety and evacuation routes?" she asks.

Cavanaugh also warns that IT should be aware of all company devices and continually check for outside ones, such as flash drives and key-logging devices, that can be plugged into a computer or server to capture data.

"Flash drives don't necessarily look like flash drives anymore," Haro agrees. "They can look like lipsticks, or just about anything else. What appears to be data can also introduce viruses and malware."

Information Security

The keyword in information security is control: control of systems and policy standards; risk assessment; financial controls; system access; permission levels; and even termination procedures for those leaving the company

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Recent Examples of Cybercrime

Mark Johnson, president of LRES Corp., the residential and commercial real estate services company based in Orange, CA, recently cited some hair-raising examples of cybercrimes:

- A 2019 hack into Capital One exposed more than 100 million records in the United States;
- A 2019 data breach into First American's system exposed 885 million financial documents associated with title and escrow transactions;
- A 2017 hack into Equifax affected 147 million people—more than half of the U.S. adult population—and resulted in a $500 million fine; and
- A 2017 breach at Yahoo left three billion accounts exposed—approximately 40 percent of the world's population.

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Formulating Best Practices

Sarah Cavanaugh, senior compliance officer for Finance of America Reverse (FAR) in Maple Valley, WA, has broken down industry best practices for maximizing security into four categories:

1. Physical security has to do with doors, cameras and other means of controlling access to and safety of facilities;
2. Information security encompasses all cyber subjects, technology, software, data, nonpublic information, "hard" controls, such as digital devices, and "soft" controls that include software and users themselves;
3. Compliance management means instituting robust systems that control implementation and monitoring of policies and procedures. A key element here is training and leads directly to the fourth component; and
4. Enforcement, including vendor management, involves making all partners aware of requirements and having their own systems in place. It also includes ongoing due diligence and risk assessment.

or moving to different departments where they will have different access needs.

Experts suggest some questions leadership can ask to evaluate information security: How do you transfer data from one person or device to another? How do you identify threats? Does the company need and/or have access to personal cell phones and other mobile devices? Another area of information security to monitor is passwords; how does the company manage passwords? "Believe it or not, in 2019, the top passwords are still '12345' and 'password,'" Haro says.

Haro says bad actors will troll LinkedIn and other professionally-oriented websites and try to establish connections that may lead an individual to trust them and gain their confidence.

Cavanaugh pays attention to a company's web policy and what kinds of websites employees can visit on company computers and other devices because the chance of picking up a virus or allowing a data breach is so great. Have employees been trained in email practices and know which emails are safe to open? According to Cavanaugh, many companies conduct periodic phishing tests to see if workers are opening and acting upon questionable emails.

While some of these considerations may seem obvious in the abstract, putting them into practice is not always easy. For instance, nonpublic information must be encrypted to be sent electronically. And under the Electronic Signatures in Global and National Commerce Act, or the ESIGN Act, to email a disclosure to a reverse mortgage client, an originator has to have the client's consent. That consent has to be granted electronically. An audit log must be created, and the information retained so that the consent can be tracked.

Although in the interest of cybersecurity, this potentially-complicated method of communication could confuse customers. "Most of our clients are seniors, and it's a challenge to get them to adapt to the new world of electronic communications and disclosures," Cavanaugh says. "We need to be really sensitive to that."

Enforcement

Cavanaugh says FAR monitors ongoing changes in the law and how they should be implemented and maintains approval of all wholesale partners. "We require certain documents and certifications to monitor our partners and conduct risk assessments for our vendors, such as knowing if they are going to be meeting in our clients' homes, and what kind of access they have to nonpublic information," she says. "We want to know how their employees are trained and how do we make it meaningful for them so [security concerns are] in the front of their minds and visible on a daily basis? What kind of impact they can have on our clients or business is part of our risk assessment for vendor management."

The goal is to work closely with the operations team to monitor impacts on service levels. "Any deviations or exceptions to procedures require senior management sign-off, and then it's considered a business decision," Cavanaugh says. "But it's always a balancing act. For example, if the daughter of an elderly borrower wants to talk to you, but you haven't obtained consent to talk to a third party, there can be a lot of exposure, even though it's his daughter. You just don't know."

"Flash drives don't necessarily look like flash drives anymore. They can look like lipsticks, or just about anything else. What appears to be data can also introduce viruses and malware."

—Jill Haro, LRES

Haro agrees, saying that every client is different. "We have to ask how we are impacting efficiency and compliance while giving clients the service they want.

"We also monitor for legislative changes," she adds, "and then funnel them back to our policies and procedures. We do annual vulnerability and risk assessments that we contract to a third party, so they're always poking at us and prodding to make sure we're doing a good job."

Update on Privacy Protection

On January 1, the California Consumer Privacy Act of 2018 (CCPA), the most comprehensive privacy law in the United States, went into effect, and it is already influencing legislatures in other states. Maine and Nevada, for example, are considering similar, though not as extensive, bills. CCPA itself was influenced by the European Union's General Data Protection Regulation, which set strict standards for the handling and exchange of sensitive and non-public information.

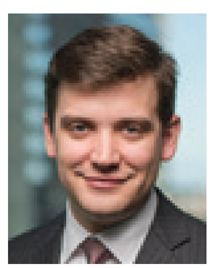

Soroush Shahin

Aside from its far-reaching protections for individual California residents, CCPA has profound implications for all businesses, particularly financial services businesses, operating within the state. According to Soroush Shahin, a partner at the law firm of Weiner Brodsky Kider PC in Washington, DC (which serves as NRMLA's outside counsel), covered definitions of protected material include business, consumer and personal information, and a covered business is essentially defined as any for-profit entity doing business in California that collects information from consumers.

There are certain exceptions to the law, such as publicly-available information or aggregated information that cannot be linked to a specific individual or household. Business-to-business transactions come under separate rules and exemptions, and there are exceptions for certain situations involving applicants for jobs, employees, emergency contacts and administration of benefits. The definitions of personal information are not completely mapped out, and they are broad, basically referring to anything that could identify a person or household. And though the definitions are not limited to financial information, reverse mortgage companies come under various headings under the law, not least because they can connect to the internet.

CCPA establishes the right of any individual in the state to know what information is being collected on him or her and for what purpose, which puts an affirmative responsibility on companies to disclose based on any verified consumer request (VCR). And all disclosures, whether by VCR or mandated by statute, such as each company's privacy policy, must be clear, accessible and easy to read. There is a provision for consumers to opt into "Do Not Sell My Personal Information" provisions, which also must be obvious and easy to access on a website. Minors age 16 or under have even stricter protections.

More changes may be coming in 2021 in what is being labelled CCPA 2.0, including the establishment of a California Privacy Protection Agency.


Jay Wright

The already-enacted provisions are expected to have a sweeping impact on businesses, including on their finances. Jay Wright, a partner at the law firm of Bradley Arant Boult Cummings LLP, based in Birmingham, AL, states that it has been estimated that California companies will spend $54 billion in legal and regulatory costs in the coming year. "This industry is still in a state of flux," he says. RM

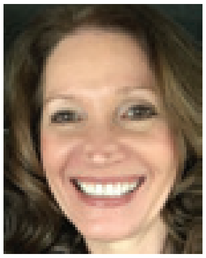
New Condo Rules: Helping Your Sales?

Obstacles With HOAs Remain a Concern, and Attention to Detail Is a Must

By Mark Olshaker

FOR ALMOST AS LONG as the Home Equity Conversion Mortgage (HECM) program has been in existence, the U.S. Department of Housing & Urban Development (HUD) has been wrestling with how to qualify individual condominium units. New FHA rules have codified the issue, but the procedures are dense and drawn out, several questions remain and each building's homeowners' association (HOA) remains a powerful factor in whether a reverse mortgage is attainable.

The final rule, effective October 15, 2019, permits Single Unit Approvals (SUA) under certain conditions. Individual units may be eligible for approval if the unit is in a completed project that is not FHA-approved. Also, for properties with ten or more units, no more than ten percent of the individual condo units can be FHA-insured, or no more than two units for those with fewer than ten.



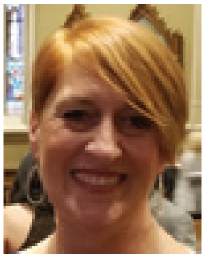
Elly Johnson

But the approval process is proving to be complex and often tedious.

"If lenders don't do some review up front, you may have a deal that doesn't qualify," says Elly Johnson, president of All Reverse Pro of Hiram, GA. This new arena is, she adds, "not for the faint of heart."

"HUD is trying to get its systems up to speed," says Johnson. "But it's still a smoother process to get full project approval. If that is rejected, there is confusion and controversy over whether you can get Single Unit Approval." HUD Home Ownership Centers in different areas have apparently been interpreting this point in various ways, and HUD itself has not yet given final guidance on procedures.

Kendra Rasmussen, director of credit for American Advisors Group in Orange, CA, says one of the many challenges is dealing with the management companies or HOAs themselves.



Kendra Rasmussen

"They often push back and don't want to complete the new form," Rasmussen says. "They don't understand there is very little difference between full project approval and Single Unit Approval."

Another stumbling block is the perception by HOAs and management companies that any connection with FHA will lower the image of their buildings.

"The main reason for approval holdup is when the HOA doesn't cooperate because it doesn't want FHA in their business," Rasmussen says. "They perceive that the senior is giving up ownership, without realizing that a forward mortgage has the same effect."

Another challenge is the issue of HOA reserves.

"We can already see that as being a major problem," Johnson says. For example, if part of the reserve is held as a fidelity bond rather than cash, that can be what Johnson calls "a moving target."

"HOAs can say they aren't going to increase their reserves just so one borrower can qualify [for an HECM], and the reserve amounts can change from month to month," Johnson says. "HUD can't really handle moving targets.

And there's not much HUD can do if the HOA doesn't want to deal with FHA."

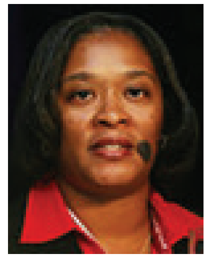
Erica Jessup, HUD's acting home valuation policy director for the Office of Single Family Housing, says the department wants feedback as it adjusts and clarifies its rules.

Different Approaches for Different Sectors

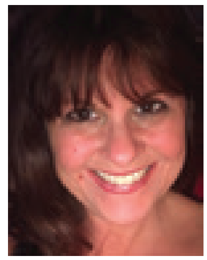
The process is likely to affect various sectors of the reverse mortgage industry in distinct ways. Rasmussen says that each of her company's business channels has elected to handle it differently.

"The retail channel is not utilizing SUA because it could not prequalify borrowers up front," Rasmussen says. "For national field sales, it's been a pretty lengthy but smooth process."

AAG's wholesale has had the highest volume of SUA requests. The internal process involves the broker contacting the lender support team, which evaluates income and property charges. If it is all deemed acceptable, it is submitted to the condo team, which issues a Hold Tracking through the HUD process. If approved, the condo team notifies the lender support team to begin processing.



Erica Jessup



Sharon Langley

Sharon Langley, director of reverse mortgage operations for Open Mortgage of Douglasville, GA, says her company will work with a broker once an HOA certificate is submitted to them. "We do not do any preapprovals. We'll request a case number and review all the documents during underwriting," Langley says. "And we will assist brokers as needed on a case-by-case basis." RM

Condo Update

Three key FHA communications came out in 2019 involving condominiums:

- **August 14** – HUD issued FHA INFO 19-41, announcing publication of its Condominium Project Approval final rule and corresponding updates to the *Single Family Policy Handbook 4000.1*;
- **August 21** – HUD issued Mortgagee Letter (ML) 2019-13, announcing the Single Unit Approval (SUA) process: Obtaining FHA Case Numbers for Single Unit Approvals; and
- **September 27** – HUD issued ML 2019-17, announcing updated origination requirements for HECMs in condominium projects.

ML 2019-13 spells out the process for obtaining a case number for an SUA. This is so that HUD can track the concentration percentages. Here is that process:

- Applicants must complete the Case Number Assignment Screen online and select the associated Condo ID, if one exists, in the Planned Unit Development (PUD)/Condo ID field;
- They must select Single Unit Approval from the dropdown menu; and
- The Single Unit Approval Case Number will default to Hold Tracking.

Certain information must be added, including on HUD Form 9991 – the FHA Condominium Loan Level/Single Unit Approval Questionnaire, and filed via email to *answers@hud.gov.*

- The email subject line must read "SUA Holds Tracking;"
- Separate emails must be submitted for each SUA process;
- The applicable HUD Home Ownership Center, or HOC, will process the request and determine if a case number can be assigned;
- An email will be sent notifying the lender and removing the Holds Tracking designation; and
- The case binder must include all required documentation for the SUA process and all documentation the lender relied on to justify its decision to approve.

Hopeful Horizons

A Strong Fall Fuels Optimism for 2020 as Northeast Lenders Aim for Better Results

By Joel Berg

Editor's Note: This article is part of a series through 2020 in which Reverse Mortgage *is examining different regions of the country. This issue focuses on the Northeast.*

AS REGULATIONS TIGHTENED and home values rose over the last decade in the Northeastern United States, fewer borrowers opted for government-backed reverse mortgages.

But the tide may be turning, according to lenders and other industry sources. And that is helping fuel optimism among reverse lenders in the region, some of whom saw an uptick in business at the tail end of 2019.

David Tourtillott, CRMP, a branch manager with Homestead Mortgage LLC in Hanover, MA, says he started seeing volume rise in September. "This past fall has been promising," he says.

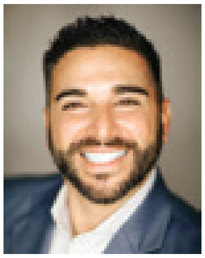
An upturn would be welcome news for the Northeast region, which *Reverse Mortgage* magazine defines as Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont. New York, the region's highest-volume state for Home Equity Conversion Mortgage (HECM) endorsements, peaked in 2008 at 6,468 endorsements, according to *Reverse Mortgage Insight (RMI).* The total slipped to 1,629 in 2018. Massachusetts topped out at 3,263 HECM endorsements in 2007 but fell back to 641 by 2018, according to *RMI*.

One of the bigger changes, lenders say, is in the makeup of the borrowers seeking reverse mortgages. Where lenders once saw mostly people tapping into HECMs as a last resort, they are now more likely to see clients who are using the product as part of their financial planning.

Tourtillott is seeing interest from borrowers looking at home equity as a means for funding retirement, particularly if they have saved between $500,000 and $1 million. "That's the sweet spot," he says.

They may find themselves taking more out of their retirement savings than expected, and their financial planners are telling them their money might not last as long as they thought, Tourtillott says. "They're now starting to say, 'Well, why don't we look at this [reverse mortgage] a little bit more closely?'"

Private-sector, or proprietary, products also are getting a second look in Massachusetts, which recently approved the HomeSafe Standard product developed by Finance of America Reverse (FAR).



Jonathan Scarpati

Tourtillott expects the private-sector products will make inroads in areas with higher home values of at least $1.5 million to $2 million, particularly around Boston and Cape Cod.

New York City and its suburbs are also a hotbed for private-sector products, according to Jonathan Scarpati, vice president of wholesale lending for FAR, which introduced HomeSafe in New York in July. "It's really surged, and the volume has been growing," he says.

The traditional HECM borrower generally is acting out of need, Scarpati says. But HomeSafe borrowers are using HomeSafe proceeds for a variety of other reasons, from buying sailboats to starting businesses in retirement, he says. FAR has been touting the product's potential in a series of marketing videos.

"We do see a lot of opportunity for growth in this sector," Scarpati says. Private-sector products, he adds, also make lenders less dependent on changing regulations for the traditional HECM, which can ratchet up or drive down demand. "There have been a couple announcements over the years that have blindsided the industry and put us in a difficult situation. It's nice to have some control."

For Richard Cacciatore, vice president of the reverse division for Nationwide Mortgage Bankers Inc. in Melville, NY, the introduction of private-sector products in New York last year offset the typical end-of-year dip in production. Like Scarpati, Cacciatore expects the products to entice borrowers in high-home-value areas where traditional HECMs are not attractive. Another bump could come from the higher lending limit for the traditional HECM, which jumped from $726,525 in 2019 to $765,600 in 2020.

"I'm excited about where we're going with the industry," says Cacciatore, who was hired by Nationwide Mortgage in January 2019 to start up its reverse lending business in New York and other Northeastern states.

The HECM for Purchase, however, remains largely untapped, despite its potential to help seniors who want to relocate. "We do many events for Realtors to get that product pushed out there, but it is still kind of under the radar," Cacciatore says.


Michael Markoff

In southern New Jersey, the HECM for Purchase is making some headway, says Michael Markoff, CRMP, managing principal of NewMark Home Mortgage LLC in Marlton, NJ. Borrowers have been using the product to move into 55-plus communities. The new homes are usually smaller, but they can cost as much as the larger homes people are leaving.

"The reverse for purchase allows them to get into the property they want with the funds they have available now," Markoff says. About 20 percent of his company's HECMs are for purchase.

For HECMs overall, though, he was unsure whether the market would truly rebound. New Jersey posted 4,041 HECM endorsements in 2009, according to *Reverse Market Insight.* But the figure had dropped to 894 in 2018.

Negative publicity continues to loom over the market, Markoff says. At the same time, he adds, marketing has improved. He says he has seen some entities referring to reverse mortgages as senior mortgages or 62-and-over mortgages, terms that could make borrowers more receptive to the product.

Markoff says he also would like to see private-sector products that can compete more directly with HECMs among borrowers with home values below the FHA lending limit. The lower upfront cost of proprietary products is appealing to people who want a line of credit rather than a lump sum. Most private-sector products are available in New Jersey, he adds.

"We do proprietary products at the beach, and they work out fantastic for clients," Markoff says. "It would be nice to do a proprietary product for a $500,000 home with no mortgage, and they're looking to just get a line of credit."

In some less-populous states, private-sector products are not yet an option for any borrowers, and that is a concern for Sharron Eastman, owner and president of Big Horizon Mortgage Corp. and 207-Reverse, both based in Kennebunk, ME. "It's already a problem for some high-value home customers because there is nothing else other than the HECM," she says.


Sharron Eastman

While home values can be relatively modest in most of Maine, coastal properties can carry values north of $2 million, Eastman says. Proprietary products would allow such borrowers to tap into more equity than they could get out of a traditional HECM. However, no products are available in Maine, and she says the state's market may be too small to entice companies to get their products approved there. Maine recorded 201

Hopeful *continued on page 32*

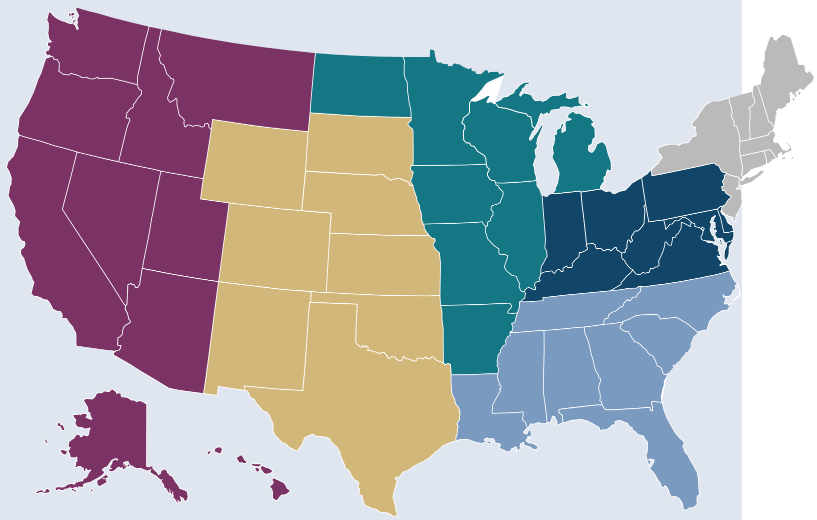
Hopeful continued from page 31

HECM endorsements in 2018, down from a high of 526 in 2009, according to *RMI.*

Eastman says her business was fairly steady in 2019. The market, though, is changing. "There are less people who are using it [a reverse mortgage] as a last resort and more people who are incorporating it into a financial plan," she says.

Eastman's other concern is the potential for regional limits on HECM lending, as opposed to the single national limit currently in place. The potential limits in Maine—and other rural areas with lower home values—could drop so low that the product loses any appeal to the borrowers most inclined to use it. RM

Northeast Region



Connecticut

1) Number of reverse mortgages through 2018: **17,175**
   Peak year: **2007 (2,049)**
   Lowest year since: **2018 (338)**
2) Unemployment rate (November 2019): **3.7 percent**
3) Median household income (2018): **$72,812**
4) Median home price: **$243,700**
5) Share of people 55 and older: **32 percent**

Maine

1) Number of reverse mortgages through 2018: **4,838**
   Peak year: **2009 (526)**
   Lowest year since: **2018 (201)**
2) Unemployment rate (November 2019): **2.8 percent**
3) Median household income (2018): **$58,663**
4) Median home price: **$232,600**
5) Share of people 55 and older: **37 percent**

Massachusetts

1) Number of reverse mortgages through 2018: **24,100**
   Peak year: **2007 (3,263)**
   Lowest year since: **2018 (641)**
2) Unemployment rate (November 2019): **2.9 percent**
3) Median household income (2018): **$86,345**
4) Median home price: **$407,700**
5) Share of people 55 and older: **31 percent**

New Hampshire

1) Number of reverse mortgages through 2018: **4,768**
   Peak year: **2007 (544)**
   Lowest year since: **2018 (114)**
2) Unemployment rate (November 2019): **2.6 percent**
3) Median household income (2018): **$81,346**
4) Median home price: **$276,400**
5) Share of people 55 and older: **34 percent**

New Jersey

1) Number of reverse mortgages through 2018: **38,261**
   Peak year: **2009 (4,041)**
   Lowest year since: **2018 (894)**
2) Unemployment rate (November 2019): **3.4 percent**
3) Median household income (2018): **$74,176**
4) Median home price: **$327,700**
5) Share of people 55 and older: **30 percent**

New York

1) Number of reverse mortgages through 2018: **58,425**
   Peak year: **2009 (6,468)**
   Lowest year since: **2018 (1,629)**
2) Unemployment rate (November 2019): **4.0 percent**
3) Median household income (2018): **$67,274**
4) Median home price: **$298,100**
5) Share of people 55 and older: **30 percent**

Rhode Island

1) Number of reverse mortgages through 2018: **4,357**
   Peak year: **2007 (553)**
   Lowest year since: **2018 (99)**
2) Unemployment rate (November 2019): **3.5 percent**
3) Median household income (2018): **$62,266**
4) Median home price: **$280,600**
5) Share of people 55 and older: **32 percent**

Vermont

1) Number of reverse mortgages through 2018: **1,819**
   Peak year: **2009 (190)**
   Lowest year since: **2018 (54)**
2) Unemployment rate (November 2019): **2.3 percent**
3) Median household income (2018): **$70,066**
4) Median home price: **$201,700**
5) Share of people 55 and older: **36 percent**

Sources: Bureau of Labor Statistics; U.S. Census; Zillow; Business Insider; Kaiser Family Foundation; and Reverse Market Insight

California Market Helps Fuel Next Steps

A Reverse Mortgage Facilitates Varied Interests

By Mark Olshaker

WILLIAM POY LEE grew up in San Francisco, studied urban planning at the University of California, Berkeley, and then attended the University of California Hastings College of Law in San Francisco. He worked for Bank of America as an attorney and international banker, then went into private practice, later shifting to advertising. William says he "got tired of working 24-7-365." Today, a HomeSafe reverse mortgage from Finance of America Reverse (FAR), enhanced by the Bay Area real estate boom, has given him "the options to do what I want."

William also is a published author. His first book, *The Eighth Promise: An American Son's Tribute to His Toisanese Mother,* was published in 2007 and received a starred review from *Publisher's Weekly,* the trade journal's highest rating.

The book is a coming-of-age story that spans from his mother's war-torn Chinese village to San Francisco's Chinatown during the civil rights marches, Vietnam War protests and countercultural exuberance of the 1960s. More information is available at *TheEighthPromise.com.*

"My mom was born and raised in China and grew up in the epicenter of the revolution," William says. She left after the revolution and came to California but instilled in her children the culture and traditional values of her heritage.

William also is a political activist who organized San Francisco's first Chinese-American civil rights march. He is third generation Chinese-American on his father's side.

In keeping with his family heritage, in 2008, William decided he wanted to spend a year in China, living in Shanghai and teaching advanced public speaking and debate and an introduction to the Western Bible and Christianity to Chinese students. While there, he also studied the politics and culture in Tibet and spent 2010 teaching English in the Tibetan city of Lhasa. That year abroad stretched out to more than a decade, with William only returning to the Bay Area in 2019.

William Poy Lee is able to pursue many different interests with the freedom he gained from a reverse mortgage.

"At that point," he explains, "I needed some start-up capital while I figured out what I wanted to do next. One of the options was to go back to law practice. I contacted the Bank of America, but I didn't qualify for their loan."

When William realized how tremendously the value of his Berkeley home had appreciated during his decade-plus in China, he says, "I started looking around at reverse mortgages and looking into several companies. I needed about $500,000—$400,000 to pay off the first mortgage and about $100,000 in a line of credit. FAR was the most prominent game in town, and they made it very easy for me."

William concluded FAR's HomeSafe proprietary product offered significantly-higher proceeds than a Home Equity Conversion Mortgage (HECM) and gave him the customization and financial flexibility he sought. He connected with loan officer Carol Lynne Giery.

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Borrower Chronicles continued from page 33

"I liked the way Carol talked," he says. "She asked the right questions and knew all the answers. She told me about clients whose needs had changed and how they were able to handle that. 'I'd like to put you in this Flex Option program,' she said. "It has a flexible rate, you take what you want, plus the line of credit. I said to myself, 'Boy, am I in the right program.'"

The closing was accomplished within five weeks.

Now fully resettled in his Berkeley home, William is still reviewing his options and mulling over possibilities for the next adventure in his varied life path. "I still may go back to law," he says. "But I'm also a world traveler type. I'd like to go back to Italy in the fall and study Italian." He is also considering a safari to the Victoria Falls region of southern Africa.

Despite travel plans, William isn't giving up his activism or his literary career. He just completed a novel, tentatively titled *The Trisong Café of Lhasa: Born in the PRC – Tibetan Millennials,* and he has been developing a website called The Tibet China Accuracy Project. "What having this money [from the HomeSafe reverse mortgage] does is gives me the freedom to more carefully find and evaluate a good book agent and redo my website. There is a lot of human benefit there." RM

William Poy Lee has settled down in his home in Berkeley, CA, but is planning more adventures.

**In the previous issue's Borrower Chronicles piece, a source was misquoted. See last issue's digital edition for the corrected article.*

Who's Who in Reverse Mortgages

Member News

Longbridge Announces Platinum Origination Channel

On December 5, Longbridge Financial LLC, based in Mahwah, NJ, launched its Platinum Origination Channel to give loan originators the option to promote the company's Platinum proprietary reverse mortgage through their own third-party networks. In this way, the Platinum program can be extended to many originators that would otherwise not have access to the program unless they worked directly with Longbridge. According to Peter Sciandra, vice president of products and strategic accounts with Longbridge, the Platinum Origination Channel is a "win-win" for the Longbridge partners who serve their own brokers, and for the brokers themselves. "Our partners can now utilize the Platinum program to grow their own broker networks and can develop more sticky relationships given the uniqueness of the arrangement. Now more brokers will have access to a product that they otherwise couldn't have, which helps them to boost their business into new markets."

RMF Parent Acquired by Starwood Capital Group

An announcement was made on December 4 that Reverse Mortgage Investment Trust (RMIT), the parent company of Reverse Mortgage Funding LLC (RMF), had reached an agreement to be acquired by an affiliate of Starwood Capital Group, a leading global private investment firm focused on real estate investments with more than $60 billion of assets under management. According to Craig Corn, chairman and CEO of RMIT, "this is an exciting opportunity for RMIT/RMF, as Starwood can be the catalyst to help accelerate our growth. Over the last few years, Starwood has been an innovator in non-agency mortgages, helping grow the industry into the success it is today. Starwood believes the private reverse mortgage sector has a similar opportunity for growth and believes RMF is the perfect platform to help expand the market." Starwood is acquiring RMIT/RMF as a standalone entity and the management team will remain in place.

Longbridge Launches LOC Proprietary Reverse Mortgage

On November 18, Longbridge Financial LLC launched a new line of credit proprietary reverse mortgage. The new Platinum LOC allows eligible borrowers to access an open-ended line of credit that grows at one-and-a-half percent per year for up to seven years and has a ten-year draw period. Platinum reverse mortgages are for seniors who own a home worth at least $400,000. Borrowers must take at least 25 percent of available proceeds at closing. Chris Mayer, CEO of Longbridge, says, "HELOCs have many features that may not be appropriate for borrowers at or near retirement age with fixed incomes, including regular monthly payments that increase substantially after the loan is outstanding ten years and full personal recourse if the home sells for less than the remaining loan balance. Yet data from the Urban Institute show that more than ten seniors utilize a HELOC for every reverse mortgage originated. Our new Platinum LOC offers today's seniors a new and exciting way to access their home equity to have a better retirement."

Profiles of Member Companies

Allegiant Reverse Services, a division of FNC Title Services, LLC

Allegiant Reverse Services, a division of FNC Title Services, LLC., is a full-service title and settlement company with a national footprint. Our seasoned staff is regarded as the most knowledgeable and professional team in the industry. Additionally, we are backed by the top two underwriters in the nation. Fidelity National Title and First American Title provide the comprehensive coverage, stability and security our borrowers and lenders deserve. This along with our steadfast dedication and loyalty to the reverse mortgage industry continues to make us the partner you can depend on.

Megan Hafenstein, Vice President
megan@allegiantreverse.com
844-808-8299 • allegiantreverse.com

American Advisors Group (AAG)

AAG is dedicated to helping older Americans find new ways to fund a better retirement through the responsible use of home equity. As the nation's leader in reverse mortgage lending, AAG offers a suite of home equity solutions – including federally-insured Home Equity Conversion Mortgages, traditional and proprietary mortgages, and real estate services – that are designed to give seniors a better financial outcome in retirement. AAG is a proud member of the National Reverse Mortgage Lenders Association (NRMLA). To learn more about AAG and reverse mortgage loans, please visit the company's website at www.aag.com/wholesale.

Tabatha Addison, Vice President, Business Development & Training
taddison@aag.com
(866) 964-1109 • www.aag.com/wholesale

Celink

People – We are a team of committed and ethical reverse mortgage servicing professionals and subject matter experts.
Platform – ReverseServ™ is Celink's proprietary reverse mortgage servicing platform.
Process – Celink manages thousands of line of credit requests, files hundreds of claims to HUD, and may process between two to 5,000 monthly prepayments, foreclosures, due & payables, and T&I defaults.
Partners – Celink has long-term and mutually-profitable relationships with very reputable names in the reverse mortgage industry.
Passion – Celink is dedicated to its clients, their borrowers, and the reverse mortgage industry-at-large.

Contact: Katie Rizzo, Director of Client Relations
517-703-1857 • www.celink.com

Profiles of Member Companies

Finance of America Reverse LLC

FAR is the nation's #1 Wholesale Reverse Mortgage Lender* and Innovation Leader, paving the way forward. FAR pioneered the most comprehensive suite of proprietary products in the market with LOC, Fixed with Flex Payment Options, and Second Lien offerings to create more opportunity for our partners to help Americans get to work on retirement.

**Since December 2011. Based on trailing 12 months' endorsement volume. Source: Reverse Market Insight.*

Jonathan Scarpati, VP
516-445-9465 • jscarpati@fareverse.com • www.farwholesale.com

Guardian Asset Management

Specializing in reverse mortgage field services, Guardian Asset Management works diligently with our clients to find a comprehensive, cost effective custom solution to protect and preserve their assets.Our unique business model of a direct "boots on the ground" national vendor network coupled with industry leading field service technology, provides our clients a clear view into each asset. This model minimizes operational gaps and expenses associated with each asset.

Dan Leader, COO
drl@guardianassetmgt.com • 888-872-9094 • www.guardianassetmgt.com

HighTechLending

HighTechLending, dba American-Senior, is a FHA, Full Eagle Mortgage Bank, holding GNMA and FNMA approvals and specializing in retail, reverse and wholesale platforms. Based in Irvine, CA, we have over 50 branches and are licensed in 19 states nationwide. Since its founding by Don Currie and Erika Macias-White in 2007, HighTechLending has become a top ten HECM lender nationwide, and the second largest in California. With over 35 years in the mortgage industry, Don Currie's vision is continuing to expand its national reverse footprint with confidence and integrity and always maintaining the perfect branch platform thanks to its exceptional staff, efficient operations and commitment to seniors.

Don Currie, President
949-468-2611 • htlwholesale.com

Longbridge Financial, LLC

Longbridge Financial is a highly-rated national reverse mortgage lender and servicer that helps seniors responsibly utilize their hard-earned home equity to improve their retirement and address the financial challenges affecting so many older Americans. Founded in 2012 and led by an Ivy-league professor, Longbridge works every day to expand the reverse mortgage market by lending education and support to partners across the country, working with reputable companies that share our commitment to the highest business and regulatory standards. The financial solutions that we offer can help your clients eliminate or reduce monthly mortgage payments or establish a guaranteed credit line to help fund the retirement lifestyle they worked so hard to earn. For more information about Longbridge Financial, see www.longbridge-financial.com/wholesale.

Eve Kroepke, Marketing Director
ekroepke@longbridge-financial.com
201-252-8838 • www.longbridge-financial.com/wholesale

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.

Sun Chung, Director of Marketing
schung@lrescorp.com • 949-246-5189 • www.lres.com

National Field Representatives, Inc.

National Field Representatives is a national inspection and property preservation services company that is relied on and trusted to protect properties through proven quality performance at the highest of standards of accuracy, timeliness, customer service and technological innovation.

Chris Ford, VP, Florida Operations
cford@nfronline.com • 877-997-2900 • nfronline.com

Premier Reverse Closings (PRC)

PRC is one of the most well-respected reverse-specific title and settlement companies in the industry. We are your one-stop shop for nationwide title and settlement services. From teaching CRMP courses to our mission on notary initiatives, we strive to always exceed our clients' and borrowers' expectations. Our parent company (MLHC) was founded in 1973 and has provided us with an unprecedented amount of resources and support since our inception in 2008. Having closed more than 190,000 reverse mortgage transactions, PRC is experienced in all facets of the reverse mortgage title and settlement business. We would love an opportunity to be your partner in success. Contact us today!

Angel Booth, Senior Sales Executive • Ami Kellogg, President
Sales@PRClosings.com • 800-542-4113 Ext. 5223 • https://www.PRClosings.com

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

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IN IT TOGETHER
NO MATTER WHAT'S AHEAD FOR THE LIFE OF A LOAN, WE WILL NAVIGATE IT TOGETHER. FIND THE NATION'S MOST EXPERIENCED TEAM OF REVERSE MORTGAGE SERVICING EXPERTS, AND YOUR ALLY, AT CELINK.COM.
Celink
Your Reverse Mortgage Ally