

AN OVERVIEW OF REVERSE MORTGAGE HISTORY

THIS INFOGRAPHIC HIGHLIGHTS EVENTS THAT FORMED THE FOUNDATION FOR AND HELPED SHAPE THE HOME EQUITY CONVERSION MORTGAGE (HECM) WE KNOW TODAY

1961

Deering Savings & Loan of Portland, ME issued the first reverse mortgage to the widow of a football coach.

1988

- President Reagan signed the Housing and Community Development Act into law, which authorized HUD to create HECM as a pilot program.
- HUD invited 50 lenders to participate in the HECM pilot program, which will insure up to 2,500 HECMs through September 1991.
- AARP partnered with HUD to train HECM counselors.

1989

- The first FHA-insured reverse mortgage was issued to Marjorie Mason of Fairway, KS by James B. Nutter & Company.
- Fannie Mae agreed to purchase FHA-insured HECMs to provide liquidity to the program.

1990

HECM was extended through 1995 and the volume was cap raised to 25,000.

1995

Fannie Mae rolled out its own reverse mortgage called the HomeKeeper. The HECM volume cap is raised to 30,000 and the program is extended through 1996.

1997

The National Reverse Mortgage Lenders Association (NRMLA) was established to represent lender interests in Washington, DC.

1998

The HECM program was made permanent and the volume cap is raised to 150,000 HECMs.

2000

- HUD increased the max allowable origination fee to attract more lenders.
- Servicers reported a "small but increasing" number of borrowers falling behind on paying their property taxes and insurance.
- HUD received funding to partner with AARP to improve HECM counseling policies and procedures.

2004

FHA implemented new HECM refinance rules that allowed borrowers to pay the upfront MIP on the difference between the original appraised value and the new appraised value (or FHA loan limit, whichever is less).

2006

- The HECM volume cap was raised again to 275,000 loans.
- Individual county loan limits were replaced with a single national loan limit of \$417,000.

2007

- Ginnie Mae began guaranteeing HECM Mortgage-Backed Securities (HMBS), which created more competition for Fannie Mae and set the stage for its exit from the business.
- AARP reported that 93% of HECM borrowers surveyed had a positive satisfaction with the program.

2008

- Annual HECM endorsements peaked at 115,052.
- HUD implemented the HECM for Purchase program.
- HECM is moved from the General Insurance Fund to the Mutual Mortgage Insurance Fund.
- FHA issued a clarification that enabled the introduction of a fixed-rate, closed-ended HECM.
- The first baby boomers, a generation composed of 43 million households, became age-eligible for a HECM.

2010

- HECM Saver was introduced, which offered a lower upfront mortgage insurance premium in exchange for less proceeds.
- HUD lowered principal limits to reduce risk to the mortgage insurance fund due to falling home values.
- FHA increased the ongoing MIP from 0.50% to 1.25% to help shore up the mortgage insurance fund.



2011

- The Dodd-Frank Act created the Consumer Financial Protection Bureau and authorizes the CFPB to regulate the activities of covered institutions, including reverse mortgage lenders and servicers.
- Wells Fargo and Bank of America exited the reverse mortgage business.

2014

- HUD announced financial assessment guidelines to reduce defaults due to nonpayment of property taxes, insurance and HOA dues. FA would go into effect in April 2015.
- The adjustable-rate HECM became the dominant product of choice over the fixed-rate HECM.

2016

FHA insured its one millionth HECM.

2018

FHA implemented Collateral Risk Assessment. Lenders must provide a second property appraisal in cases where FHA determines there may be inflated property valuations.

2020-21

FHA took unprecedented actions to respond to the COVID-19 pandemic, which included implementing a moratorium on foreclosures and allowing for exterior appraisals.

2023

- HECM national loan limit increased from \$970,800 to \$1,089,300.
- HECM section added to Housing Counseling Handbook (7610.1 REV-6).
- FHA implemented servicing changes to improve the HECM program's financial stability and performance, among them the ability to verify annual occupancy by phone.

- GNMA finalizes term sheet for implementing HMBS 2.0 to help mitigate issuer risk when HECMs need to be bought out of HMBS securities.

2025

- HECM national loan limit increased from \$1,149,825 to \$1,209,750.
- HUD published a Request for Information to gather market feedback and assess opportunities for improving the HECM and HMBS programs.

2013

- President Obama signed the Reverse Mortgage Stabilization Act into law, which authorized HUD to take steps to shore up the mortgage insurance fund.
- HUD ended HECM Saver due to low volumes.
- HUD limited the amount of proceeds that could be accessed during the first 12 months to 60 percent of the loan amount.

2015

FHA announced new protections for non-borrowing spouses who are under the age of 62.

2017

- Principal limit factors were further reduced.
- FHA lowered the upfront MIP from 2.5% to 2.0% and the annual MIP from 1.25% to 0.5%.

2019

- FHA modified requirements for assigning loans under the Mortgagee Optional Election (MOE) process.
- Collateral Risk Assessment was extended indefinitely.
- FHA updated condominium approval guidelines and permitted single-unit approvals.

2022

- HECM national loan limit increased from \$822,375 to \$970,800.
- HUD makes Compu-Link its new contract subservicer for assigned HECMs.

- HECM section added to the Single-Family Housing Policy Handbook 4000.1 that consolidated over 100 mortgagee letters and other policy materials.
- Ginnie Mae reduced the minimum HECM Mortgage-Backed Security (HMBS) pool size, from \$1 million to \$250,000, to minimize the amount of time issuers must carry balances between disbursement and HMBS securitization.
- Ginnie Mae enhanced its HMBS requirements to allow securitizations for multiple participations related to a particular HECM in any one issuance month.

2024

- HECM national loan limit increased from \$1,089,300 to \$1,149,825.
- FHA updated the process for calculating debenture interest on HECM claims and established a process for adjusting debenture interest for prior claims.

2026

- HECM national loan limit increased from \$1,209,750 to \$1,249,125.