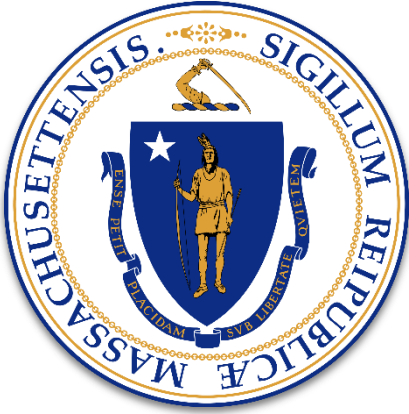




REPORT RELATIVE TO THE NECESSITY AND DESIRABILITY OF IN-PERSON VS. TELEPHONIC METHODS FOR REVERSE MORTGAGE COUNSELING IN THE COMMONWEALTH OF MASSACHUSETTS

PREPARED BY THE SECRETARY OF ELDER AFFAIRS AND THE UNDERSECRETARY OF CONSUMER AFFAIRS AND BUSINESS REGULATION PURSUANT TO SECTION 64 OF CHAPTER 10 OF THE ACTS OF 2015.

FILED WITH THE CLERKS OF THE COMMONWEALTH OF MASSACHUSETTS HOUSE AND SENATE AND THE HOUSE AND SENATE COMMITTEES ON WAYS AND MEANS.

December 7, 2015

CONTENTS

I.	ELDER DEMOGRAPHIC INFORMATION	3
II.	REVERSE MORTGAGE LOANS- SOME BACKGROUND.....	3
III.	REVERSE MORTGAGE MARKET AND VOLUME INFORMATION	4
	HECM Data	5
IV.	MASSACHUSETTS REGULATORY OVERSIGHT OF REVERSE MORTGAGE LOANS	6
V.	COUNSELING AND CONSUMER PROTECTIONS UNDER FEDERAL HUD HECM	
	COUNSELING PROTOCOL AND OTHER STATE LAWS	7
VI.	SPECIFIC COUNSELING RELATED PROVISIONS IN OTHER STATE LAWS	9
VII.	SUMMARY OF INFORMATIONAL MEETING WITH STAKEHOLDERS AND TESTIMONY	
	RECEIVED.....	11
VIII.	CONCLUSIONS AND RECOMMENDATIONS.....	12

In August of 2014, the amended reverse mortgage counseling requirement became effective to include a requirement for certain borrowers to undergo in person counseling. Previously, those taking out a reverse mortgage could receive counseling either on the phone or in person.

Section 64 of Chapter 10 of the Acts of 2015 directed the Massachusetts Executive Office of Elder Affairs (*EOEA*), and the Massachusetts Office of Consumer Affairs and Business Regulation to review the necessity and desirability of in-person and telephonic methods of reverse mortgage counseling to ensure proper protections for eligible seniors. (M.G.L. c. 167E, s. 7, 7A).

The Acting Secretary of Elder Affairs and the Undersecretary of Consumer Affairs and Business Regulation held a public informational meeting at 1 Ashburton Place, Boston, on May 15, 2015. Those interested in testifying were asked to offer information relative to the necessity of in-person counseling requirements for borrowers seeking reverse mortgages. The reverse mortgage counseling review was to include, but was not limited to, the advisability and overall protections for seniors, availability, costs and convenience of counseling opportunities, and full compliance with all federal lending laws.

Stakeholders were invited to submit written and electronic testimony. (Please see Attachment 1 for copies of written testimony received).

I. ELDER DEMOGRAPHIC INFORMATION

In Massachusetts and nationwide, the elder population is expanding at a greater rate than any other segment of the population. The Baby Boomer generation – born between 1946 and 1964 – is turning 65 at the rate of 10,000 a day across the country. Of that group, the fastest growing cohort is adults age 85 and older, which is expected to triple by 2040. People who reach the age of 65 are likely to live another 20 years. As the aging population increases, more people will live beyond their retirement savings. In Massachusetts, life expectancy is 80.7 years. Aging is often accompanied by chronic conditions that compromise mobility and independence. Additionally, as people live longer, the incidence of Alzheimer's Disease and other cognitive disorders increases. Over the next ten years, the Alzheimer's Association projects a 25% increase in dementia and related conditions.

II. REVERSE MORTGAGE LOANS- SOME BACKGROUND

A reverse mortgage loan is a special type of mortgage loan for seniors (generally age 62 and older) that pays a homeowner loan proceeds drawn from accumulated home equity. Unlike a traditional home equity loan or second mortgage loan, no repayment is required until the borrower(s) no longer use their home as their principal residence. Interest on a conventional loan is calculated as simple interest while on a reverse mortgage the interest is calculated as compound interest.

Reverse mortgage loans were generally introduced in the market in 1989 with the U. S. Department of Housing and Urban Development (HUD) sponsored, FHA-insured, Home Equity Conversion Mortgage (HECM). The HECM is one of the most common types of reverse mortgage loans. In Massachusetts, a term reverse mortgage product has been available since 1983 from various lenders across the state.

The overwhelming majority of reverse mortgage loans made today are made under the HECM Program, administered by HUD. The HECM is insured by the Federal Housing Administration (FHA). The insurance guarantees that borrowers will be able to access their authorized loan funds in the future, subject to the terms of the loan, even if the loan balance exceeds the value of the home or if the lender experiences financial difficulty. Lenders are guaranteed that they will be repaid in full when the home is sold, regardless of the loan balance or home value at repayment. Borrowers or their estates are not liable for loan balances that exceed the value of the home at repayment – FHA insurance covers this risk.

Under the HECM program, counseling is mandatory and requires the use of an independent third-party counselor approved by the U.S. Department of Housing and Urban Development. *See* additional details herein relative to the HECM counseling protocol.

As of April 27, 2015, HUD implemented a new financial assessment component which requires lenders to perform enhanced underwriting to ensure that borrowers can afford paying the taxes, insurance and other charges, and to maintain the property based on their financial position. Lenders may require “set asides” for these charges in certain circumstances.

Lenders in Massachusetts making HECM loans are required to comply with the provisions of the HUD HECM program as well as the more stringent state law requirements.

III. REVERSE MORTGAGE MARKET AND VOLUME INFORMATION

The reverse mortgage market is approximately 1% of the traditional mortgage market, according to industry reports (last year there were 1029 reverse mortgage loans made in the Commonwealth). In terms of the total number of loans originated on a nationwide basis, the HECM reverse mortgage loans totaled for FY2014: 51,642 loans; FY2013: 60,091 loans; FY2012: 54,822 loans.

The table below depicts the volume of HECM loans originated for the first seven months of 2015 on a Massachusetts and Nationwide basis.

HECM DATA

HECM Endorsement Data 2015		
Month	Massachusetts	Nationwide
January	77	4936
February	66	4716
March	67	4634
April	87	4492
May	59	4270
June	81	5295
July	98	5025

Below is the data for HECMs originated in the Commonwealth for calendar years 2012, 2013, 2014, with the year 2014 broken down by month

Year	HECMs
2012	971
2013	1202
2014	1029

HECM Data by month for calendar year 2014

Month	Originations	Month	Originations
January	81	July	66
February	134	August	62
March	138	September	77
April	77	October	97
May	88	November	57
June	81	December	71

IV. MASSACHUSETTS REGULATORY OVERSIGHT OF REVERSE MORTGAGE LOANS

In the Commonwealth, reverse mortgage loans must be made in accordance with programs which have been reviewed and approved by the Commissioner of Banks. Reverse mortgage loan programs submitted to the Division for approval must meet the requirements of M.G.L. c. 167E, s. 7, 7A. This provision applies to Massachusetts state-chartered banks and all other mortgagees pursuant to M.G.L. c. 183, s. 67. Massachusetts state-chartered credit unions seeking to make reverse mortgage loans must request approval of a program meeting the parallel requirements set forth in M.G.L. c. 171, s. 65C, 65C1/2.

Lenders seeking to make reverse mortgage loans in the Commonwealth are subject to certain provisions under the regulatory jurisdiction of the Division of Banks (Division) and certain provisions relating to reverse mortgage counseling programs as approved under the jurisdiction of the EOEa.

In addition, with respect to counseling requirements, Massachusetts law provides that a lender shall not make a reverse mortgage loan until it has received a notice, in writing, that the prospective borrower has completed a reverse mortgage counseling program which has been approved by the EOEa and which shall include instruction on reverse mortgage loans. The EOEa maintains a list of approved counseling programs on its website. There are currently nine counseling programs approved by the EOEa. *See Attachment 2* for the current list.

Beginning August 1, 2014, certain borrowers or “mortgagors” were required to undergo counseling on an “in-person” basis. These borrowers were those that had a gross income of less than 50% of the area median income and possess assets, excluding a primary residence, valued at less than \$120,000.

The law also provides that a reverse mortgage executed by a borrower who has not received counseling by a third party approved by the EOEa shall render the terms of the reverse mortgage unenforceable. The lending industry has expressed concerns that given this language lenders are in effect being forced to request that most, if not all, prospective reverse mortgage applicants attend counseling on an in person basis.

In addition to receiving an approval of its reverse mortgage loan program under the above statutory provisions, a lender must hold a valid mortgage lender license, or qualify for an exemption from licensing under G.L. c. 255E, §2, in order to make reverse mortgage loans.

Entities intending to broker reverse mortgage loans must hold a valid mortgage broker license, or qualify for an exemption in the Commonwealth, and are limited to acting in the capacity of a broker for reverse mortgage programs offered by lenders which are approved by the Commissioner of Banks. Loan originators of reverse mortgage loans must be appropriately licensed pursuant to G. L. c. 255F, added by Chapter 206 of the Acts of 2007.

These programs must provide for certain borrower protections including:

- Verification of receipt of the counseling certificate from each borrower, by a reverse mortgage counseling program approved by the Commonwealth's EOE.
- Seven day "cooling off" period following a consumer's acceptance of a commitment, during which a consumer cannot be required to close or proceed with the loan transaction.
- Required plain language disclosures of specific mortgage loans terms.
- No prepayment penalties or restrictions permitted.
- Disclosure requirement and acknowledgment of contingencies which could force a sale of the property securing the loan.
- Inclusion of a disclosure statement that a reverse mortgage loan has estate and tax planning consequences and may affect eligibility for government benefits and that applicants are advised to seek appropriate advice.

V. COUNSELING AND CONSUMER PROTECTIONS UNDER FEDERAL HUD HECM COUNSELING PROTOCOL AND OTHER STATE LAWS

HUD encourages face-to-face counseling, and certain states require face-to face counseling for all borrowers considering reverse mortgages. Counselors who meet with clients face-to-face may be better able to assess their clients' needs and comprehension.

A counselor who is unable to meet with a client face-to-face and who instead engages in telephone counseling must be particularly sensitive to the client's engagement in the session and understanding of the topics covered.

- Clients may receive telephone counseling unless such counseling is prohibited in their state.
- Telephone counseling must not commence until the client has received HUD's required handouts listed in HECM Protocol 7.B.1, and had adequate time to review the documents.
- The client may receive the required HUD handouts from a lender or from HUD. If the lender provides the handouts, a copy of the handouts must be made available to the HECM counselor.

Because the counselor may have difficulty gauging the client's engagement in the counseling session, the counselor must prompt the client for questions, concerns or points of confusion during and after the counseling session.

Other types of mutually-agreed upon formats are acceptable for counseling. Such formats include any live electronic method of dialogue (e.g., Skype, webinar, WebEx, GoToMeeting,

etc.) where both the HECM counselor and client can speak to each other to ask questions and discuss the information being presented. Clients may receive counseling in a mutually agreed upon format unless such counseling is prohibited in their state.

This type of counseling must not commence until the client has received HUD's required handouts listed in HECM Protocol 7.B.1, and had adequate time to review the documents.

The client may receive the required HUD handouts from a lender or from HUD. If the lender provides the handouts, a copy of the handouts must be made available to the HECM counselor.

Reverse Mortgage Counseling Fees HECM Provisions

Historically, HUD-funded counseling agencies provided counseling to prospective reverse mortgage borrowers free of charge. In the 2011 budget cycle, funding for this program was cut. As a consequence, many counseling agencies have begun charging prospective borrowers a fee. HUD requires that the fee be "reasonable and customary," and agencies must waive the fee for clients with incomes less than twice the poverty level. Some counseling agencies assess this fee at time of counseling, while others will allow it to be paid at closing using loan proceeds.

Agencies participating in HUD's Housing Counseling Program are permitted to charge clients a fee for HECM counseling services if the fee

- is reasonable and customary
- does not create a financial hardship for the client
- is commensurate with the level of services provided, and
- meets all other HUD requirements as discussed in HECM Protocol 7.A.1.

Note: Agencies may charge a higher fee for clients needing multiple, in home, or prolonged sessions; however, this higher fee may only cover the actual cost of the services, provided they are reasonable and customary.

Agencies may *not* turn clients away or withhold the Counseling Certificate because of a client's inability to pay.

Lenders may *not* pay for counseling services directly or indirectly.

Counseling agencies choosing to charge HECM fees should not collect a fee at the time of the counseling session from a client whose income is below 200 percent of the Federal Poverty level. Agencies may charge these clients a HECM counseling fee at closing provided the client has been advised during the counseling session of the amount of the fee.

VI. SPECIFIC COUNSELING RELATED PROVISIONS IN OTHER STATE LAWS

Minnesota allows only HUD-approved counselors domiciled in Minnesota to provide reverse mortgage counseling (MINN. STAT. § 47.58).

North Carolina law establishes standards for counselor training and the banking commissioner maintains a state list of all persons who satisfy the counselor training requirements (N.C. GEN. STAT. § 53-269).

Under West Virginia law, the banking commissioner must refer consumers to independent counseling services (W. VA. CODE § 47-24-7).

A. Counselor Compensation

At least three states (Arizona, California, and Louisiana) statutorily address reverse mortgage counselors' compensation.

Under Arizona and California laws, a reverse mortgage counselor may not be compensated, directly or indirectly, by a party (1) involved in originating or servicing the reverse mortgage or (2) selling financial or insurance products such as annuities, investments, or long-term care insurance (Ariz. Rev. Stat. § 6-1702 and CAL. CIVIL CODE § 1923.2(j)).

Louisiana law prohibits a lender from paying a counseling service fee without first informing a prospective borrower, in writing, that there may be a conflict of interest (LA. REV. STAT. § 6:1102(A)(2)).

B. Borrower Choice

A few states specify that lenders provide prospective borrowers with a list with a minimum number of reverse mortgage counselors to choose from. Specifically:

1. Arizona - at least five counseling agencies, including at least two that are authorized to provide counseling by telephone (Ariz. Rev. Stat. § 6-1703(A)(1),
2. Louisiana - at least five nonprofit counseling agencies (LA. REV. STAT. § 6:1102(A)(1)),
3. California - at least 10 HUD-approved counseling agencies (CAL. CIVIL CODE § 1923.2(j)),
4. Minnesota – at least three independent housing counseling agencies (MINN. STAT. § 47.58), and

5. Rhode Island – at least three independent authorized counseling agencies in the state (R.I. GEN. LAWS § 34-25.1-9(c)).

Many states expressly prohibit a lender from executing a reverse mortgage without first receiving certification that the applicant received the required counseling. A few states specify a required time frame for counseling and whether it should occur in-person or on the telephone.

Under Arizona law, reverse mortgage counseling must occur within six months before the final and complete application (Ariz. Rev. Stat. § 6-1703(A)(2)).

In California, before a lender may accept a final and complete reverse mortgage application, a prospective borrower must receive counseling in-person, unless the borrower certifies that he or she elected to receive counseling in a different manner (Cal. Civil Code § 1923.2(k)).

Under Rhode Island law, at least three business days before the closing of the loan, the lender must receive an original counseling certificate, signed and dated by both the borrower and counselor. The loan must close within 180 days after the prospective borrower signs the counseling certificate. The law requires in-person counseling unless the prospective borrower cannot or chooses not to travel to a counseling agency or cannot be visited at home. In such a case, telephone counseling is allowed but only by agencies authorized by the Department of Elderly Affairs to conduct telephone counseling (R.I. GEN. LAWS § 34-25.1-9).

Vermont law requires the lender to obtain certification, from the counselor, that the borrower received in-person face-to-face counseling, before accepting a reverse mortgage application. If the borrower chooses not to travel to a counseling agency or cannot be visited at home, the law allows telephone counseling by agencies authorized by the Department of Banking, Insurance, Securities, and Health Care Administration (VT. STAT. tit. 8 § 10702).

C. Counseling Certification and Waiver

Most states expressly require a (1) written attestation by the reverse mortgage applicant that the lender provided information regarding the advisability and availability of independent information and counseling services or (2) certification by the counseling agency that the prospective borrower received the required counseling.

Hawaii and Vermont specify the information that must be included in the counseling certificate (e.g., the date counseling occurred and the borrower's and counselor's names, addresses, and signatures). Both states require the holder of the reverse mortgage to keep the certificate throughout the term of the reverse mortgage loan (HAWAII REV. STAT. § 506-10(a) and VT. STAT. tit. 8 § 10702).

Colorado law prohibits a lender from making a reverse mortgage loan unless the applicant attests, in writing, that counseling was either received or waived (COLO. REV. STAT. § 11-38-111).

Under New York law, in order to waive counseling, a reverse mortgage applicant must sign an affidavit indicating that although aware of the importance and availability of counseling, he or she chooses not to utilize the available services (N.Y. REAL PROP. LAW §§ 280(g) & 280-a(j)).

VII. SUMMARY OF INFORMATIONAL MEETING WITH STAKEHOLDERS AND TESTIMONY RECEIVED

Approximately 40 people attended the May 15th public information meeting, with testimony split between those who support in-person reverse mortgage counseling and those who believe people should have the option of either in-person or telephone reverse mortgage counseling. Those in attendance and submitting testimony ranged from reverse mortgage counselors and consumer groups to mortgage companies and banks as well as a legislator and an attorney.

Key Themes:

- Insufficient counselors making for long wait times
- Counselors not geographically dispersed enough to adequately cover the state creating hardships for seniors
- Counseling agencies are not funded and as a result, cannot add additional counselors
- Disagreement on importance of in person counseling in facilitating assessment of individual's ability to understand and follow the session and ascertain the complexities of the reverse mortgage product
- Importance of consumer preference in opting for in-person versus phone counseling
- Industry's perceived necessity of counseling all consumers when the law says individuals of only a certain income require counselingⁱ

One commenter suggested that due to the hardships imposed on seniors to undergo in-person counseling, they requested an immediate suspension to the in-person counseling requirement be put in place, and a group of stakeholders be formed and given sufficient time to thoughtfully study all of the pertinent issues surrounding in-person reverse mortgage counseling. Absent a change in the existing law, a suspension of the in-person counseling requirement would not be attainable.

VIII. CONCLUSIONS AND RECOMMENDATIONS:

In reviewing the complexities of reverse mortgages, the EOEa and the Office of Consumer Affairs and Business Regulation believe the implications of a reverse mortgage for low income borrowers underscores the need for in-person counseling. The information presented emphasizes the complexity of the terms and information surrounding this loan product and the need to ensure the consumer is protected.

We believe that the requirement for in-person counseling provides an important protection to elders. As the scope of this review is limited in nature and timeframe, the following recommendations are offered for consideration as potential means to address issues raised during this review:

- **Teleconferencing Option.** The Legislature may want to consider whether it may be appropriate to authorize the Division of Banks, in consultation with the EOEa, to define and develop a process to allow, in certain circumstances, **a teleconferencing option**, that would comply with the standards of an in-person counseling session. Until this or a comparable option is developed, the existing in-person requirement remains.
- **Additional Funding Sources.** In recognition of the funding challenges which exist for non-profit counseling agencies and to increase the number of available trained reverse mortgage counselors, it would be beneficial to explore and identify **additional funding sources** to add to the pool of trained counselors. Under federal rules, lenders may not pay for counseling sessions either directly or indirectly. **Additional funding for reverse mortgage counseling purposes would also reduce costs for low income borrowers for in-person counseling sessions.**
- **Request Lenders' Data.** In conjunction with the Informational Hearing held to gather data and information for this review, stakeholders were requested to provide comments and related data on the percentage of reverse mortgage borrowers that fall within the income and asset threshold necessitating an in-person counseling session. To date, specific information and data has not been submitted by stakeholder lenders. If this data could be provided by lenders since August 2014, so that the actual numbers of borrowers eligible for in-person counseling can be determined, additional study in this area involving relevant stakeholders may be warranted in order to assess the number of counselors needed.

ATTACHMENT 1-*TESTIMONY*
AND
ATTACHMENT 2-*REVERSE MORTGAGE COUNSELORS*
TO FOLLOW

¹ Subsequent to the public information meeting, the National Reverse Mortgage Lenders Association (NRMLA) filed a request for clarification with the Massachusetts Division of Banks as to what constitutes the area median income, as periodically determined by the U. S. Dept. of Housing and Urban Development. The Division issued guidance in response to this request on September 25, 2015 which is posted on the Division's website www.mass.gov/dob.

Attachment 1 – Testimony

Homeowner Options for Massachusetts Elders (HOME)

Description of Organization & Background

HOME's mission is to assist low-income elders to successfully age in place. It has provided its services statewide since its inception in 1984. HOME has developed a unique counseling service with a continuum of resource and financial options and elder economic literacy. HOME provides remainder-of-life planning and long-term monitoring. Specialized displacement prevention intervention services have made up the majority of its activities for most of the past decade.

HOME has assisted some 28,000 elder households over its history. HOME focuses on elder needs pertaining to successfully extending home tenure and home equity preservation, and not on estate planning for other family members. Family dynamics and parent/children interdependencies greatly complicate, lengthen and add to the cost of case resolution. Program earmarks are loan aversion and consumer protections. HOME's recent accomplishments include: MA Division of Banks' sole designation to provide displacement prevention assistance to elders statewide (under Chapter 206) and HUD comprehensive counseling agency designation regarding specialized senior counseling and loan modifications. Also, HOME was a recent participant in the Massachusetts attorney general's HomeCorps relief program, to expand and buttress HOME's nationally unique displacement prevention services at key points around the state. In a June 2012 report to Congress, the new National Consumer Financial Protection Agency cited HOME for its unique services. Currently, HOME's executive director serves as a participant on the state legislative Elder Economic Security Commission to help address various displacement threats to senior homeowners. Last year, 57% of all of HOME's cases of clients threatened with displacement could be categorized as imminent or short-term.

Program Methods

HOME's prime activity is homeownership preservation (successful aging-in-place) with intensive in-home financial and resource options counseling. These services are provided free of charge, in-home and face to face to all qualified clients and they involve a broad spectrum of issues (fiscal, mortgage, property taxes, debt, health care, home repair, etc.) that may impact the ongoing home tenure of low to moderate-income senior homeowners – both short-term and long-term threats. HOME provides budgeting analysis, referral to other resources and benefits, advocacy regarding loan forbearances and modifications, refinancing assistance (including elder equity conversion options, which currently make up about 12-15% of HOME's workload), and, critically, long-term monitoring. HOME promotes team case management with legal services, elder housing and service advocates. Clients average three home visits. Clients are aged 60+ who face near-term home displacement, as well as those aged 50-60 facing immediate loss of their home. As to HOME's funding sources, less than 5% involve reverse mortgage work, with the vast majority tied to displacement prevention. As of late, up to 500+ clients per year, statewide, have been helped in some way by HOME (counseling, monitoring, education, etc.), with upwards of 75% of clients categorized as intensive, and upwards of 65% facing displacement (near or longer-term).

Benefits of Face-to-Face Counseling In the Home:

Given HOME's long experience, the superiority of face-to-face counseling compared to telephonic communication in order to effect necessary counseling objectives is unquestionable. The federal HECM protocol which governs minimum counselor standards regarding the HUD/HECM loan products demands that counselors are to

tailor counseling to the unique financial and situational needs of each client. Also, counselors have an important ethical imperative to not simply deal with the mechanics of how loans work, but also wholly with an elder's circumstances (including alternative programs, long-term benefits, costs and impacts). Further, the protocol explicitly states that face-to-face counseling is the preferred mode of counseling. A brief and obvious set of benefits regarding face-to-face counseling (and for HOME, within the residence as well) are as follows:

- 1.) Assess physical capacity of elder client;
- 2.) Assess family dynamics and support networks;
- 3.) Assess state of the home and whether there are any major repairs needed, a hoarding situation, safety or barrier issues;
- 4.) Assess client's understanding and cognitive abilities, or lack thereof;
- 5.) Clients in familiar surroundings are usually more forthcoming and cooperative; and
- 6.) Critically, provide information pertaining to benefits, services and programs, especially those that are no cost/low cost.

A more detailed discussion regarding the superior characteristics of face-to-face counseling, especially for more vulnerable, isolated, low-income and fiscally stressed homeowners is attached.

Consequently, HOME strongly endorses the perspective that it would be dangerous in the least to restrict the discussion regarding Section 64 of Chapter 10 of the Acts of 2015 as to the delay and/or the availability or non-availability of counseling, but to the "how" of making this essential consumer protection available to those unquestionably in need (obviously the most vulnerable and low-income) as the present threshold begins to address.

HOME has long advocated that:

- 1.) Accommodations in the present law can be made for circumstances such as shut-ins without denying the majority of needy seniors the ability to acquire needed consumer protections via counseling. Scarce resources can be allocated more efficiently.
- 2.) The unique opportunity provided by the existent significant national downturn in reverse mortgage volume can be used to experiment with alternative counseling services delivered to distant rural areas with methods among certified counseling agencies, such as a circuit rider approach.
- 3.) It is important to thoroughly investigate areas of gaining potential funding sources for certified counseling agencies, particularly for the long-term, with a group consisting of relevant public entities - EOEA, Consumer Affairs, particularly the DOB and representatives of counseling and reverse mortgage sectors. Among the possibilities are singular or mixed variations of federal or state funding, reverse mortgage industry contribution (a lender opportunity blind fund administered by DOB) and start-up private philanthropic funding.

The issue is very evident, even stark. To outright deny counseling based on unreasonable expectations for financial resources, sanctions the continued growth in the potentially costly wreckage to the most needy and vulnerable of lower-income elders who desperately require more comprehensive and consumer protective counseling of the face-to-face type versus telephonic. Not only the sole life asset (home equity and residence) of the senior homeowners is in question, but also the very real larger impacts upon neighborhoods and public resources/services by premature home equity loss and displacement. We owe no less to our swelling ranks of lower-

income elders than to make the present system of face-to-face counseling work. At present, of the 1.8 million Massachusetts homeowners, some 740,000 are elders aged 55+.

Regarding Requests for Specific Information

- 1.) Percentage of reverse mortgage borrowers that fall within the existing thresholds necessitating in-person counseling: Given the fact that HOME's required income and asset guidelines have been promulgated in response to the agency's three-decade-old mission, as well as the requirements of its foundation and philanthropic funders, which make up the lion-share of its funding, all of the clients who are seeking HECM counseling who reach out to HOME and are in compliance with organizational client standards are offered services. Due to the fact that HOME covers the entire Commonwealth and that it has resources for a limited staff, the agency gives priority assignments based on levels of home loss threat. Due to the above set of circumstances and experience, the organization cannot directly comment due to the lack of clear and direct knowledge of the above question.
- 2.) Significantly, HOME can comment on numerous cases of the obverse situation regarding hardship. Namely, that many elders due to one or more of a long list of issues (hearing difficulties, need for repeated and specially modulated presentations given their unique needs and fiscal situation, as well as distinct needs of family, advisors, etc.), require face-to-face counseling (often in their residence and multiple times) and therefore are totally ill-served by a telephonic counseling experience regarding minimum standards of comprehension.

Benefits of and Rationale for Face-to-Face Counseling in Home

- 1.) The ability to assess the physical and cognitive capacity of elder clients, observe their facial gestures and direct verbal give and take via conversations are often keys to confirming their level of understanding and the necessity to modulate counseling to fit individual needs and circumstances. Most important to determine is whether the elder understands not just the essentials of a loan but also long-term costs and impacts or alternatives.
 - 2.) The ability to make all important assessments regarding family dynamics and varied support networks, formal and informal, are both best made in the presence of the elders and within their home environment.
 - 3.) During a home visit, assessment can be made of the condition of the home regarding deferred maintenance, serious disrepair and safety concerns, particularly if the elder is ignoring or unaware of them. The need for eliminating barriers and hoarding issues, et cetera, can also be determined by a home visit.
 - 4.) A face-to-face encounter allows more adequate time and an appropriate setting for a counselor to explore eligibility regarding all potential benefits and resources and to fully discuss alternative need resolutions, as well as the ability to place the elder client's situation into a long-term perspective regarding sustainability and the impacts of varied scenarios.
 - 5.) Elder clients are more forthcoming and open in the surroundings of their own home. Clients are more educable within their familiar surroundings regarding other programs, potential resources and options (.e.g., property tax, utility and home repair assistance), especially low-cost possibilities.
 - 6.) The H.U.D./F.H.A. Reverse Mortgage Counseling Protocol, which dictates counselor priorities and objectives in the delivery of counseling services, notes that counselors are to tailor counseling to the unique financial needs and situation of each client. Telephonic counseling makes such individualized assessments unlikely. (Detailed applications regarding the elder's fiscal status, provision of pre-counseling sessions, and often multiple face-to-face sessions are necessary.)
 - 7.) According to the Counseling Protocol,, face-to-face counseling is the stated preferred mode of counseling. (See enclosure.)
- * A significant set of issues involved for counseling agencies, especially those agencies that have corporate missions dedicated to the needs of low and moderate-income elders, revolve around the fact that, under the HECM program, funding disbursements can be utilized for any purposes desired by the elder client. Further, federal funding (via HUD) has always been of a distinctly small portion of that required by local agencies to provide for these counseling services.
- * In cases of elder homeowners who are home-bound, exceptions and/or special arrangements obviously could be crafted to facilitate counseling, without eliminating face-to-face counseling for the vast majority of senior homeowners seeking and in need of this important consumer protection.

Community Service Network, Inc.

52 Broadway
Stoneham, MA 02180-1003



Thursday, May 14, 2015

Siobhan Coyle, Assistant General Counsel
Executive Office of Elder Affairs, Commonwealth of Massachusetts
One Ashburton Place
Boston, MA 02108

Fax: (781) 438-6037
Bryna Lakin-Davis, Executive Director
(781) 438-9254

RE: TESTIMONY FOR PUBLIC INFORMATION MEETING, MAY 15, 2015

Dear Ms. Coyle:

The questions are in italics, the answers in normal type.

Given the complexity of a reverse mortgage loan and the significance of the transaction involving a senior's primary residence, please comment on the preferred method (in-person vs. telephonic) of counseling to ensure full comprehension on the part of the borrower of the terms, costs, conditions, and requirements of the loan. Please provide specific examples.

As someone who has been doing these counseling sessions since July of 2006, I have seen and counseled hundreds of seniors. Every counseling session that I do has been an "in person" session. I cannot imagine doing these counseling sessions over the phone. These loans are, in some respects fairly simple, yet in other respects very complicated. The major issue is the fact that they are not readily understood by most people, seniors or not. If I tell someone that I am getting a 30 year fixed mortgage at a prime rate, they understand it. Even without being told any more than that, they know the standard, basic terminology and have a pretty good idea of what will occur. That is not true with Home Equity Conversion Mortgages.

These loans, though around for more than two decades, are still fairly new and there are many myths out there regarding them. As such, counseling is required. While I could try to explain the information over the phone to someone, I am not sure that they would understand it, even if they tell me that they do. In person, I know that they understand what I am telling them, I can see it in their eyes. I can also tell when they do not understand. I am present to point to the place I am in my presentation if they get lost among the numbers. I can see when one member of a couple looks lost and I can address it, even if the other member understands what is going on. Too often it is easy to say that as long as one of them understands things that it is okay, but the reality is that both of them really need to know what they are getting into. If not, what happens when the spouse that understands it passes away? From that point forward the other spouse is working on an incomplete understanding of the information.

Examples of points that are necessary to understand include, but are not limited to, how the credit line works in conjunction with the monthly advances. It is all too easy for a senior to hear that a tenure payment will continue at a certain amount for life, but then find out it does not when they

pull out extra money in a single advance. Understanding how the Service Fees work, the various charges, the interest rate, etc. are all daunting, and that doesn't even include the new Life Expectancy Set Asides that we are all just beginning to understand. Add into that just understanding the ways that the lender can call in the loan, and what happens when that does occur and the need for counseling is clear. While I can understand how some seniors would prefer doing it over the phone for their convenience, that does not make it the best way to do it. Further, while there are those who really do understand these loans, they are by far the minority. The shortest counseling session that I have ever done under the current HUD protocol was approximately 55 minutes. That session was with a man who sold reverse mortgages for a living. Someone whom you would expect to understand these loans better than most. The vast majority of my sessions range between 95 and 110 minutes, with many going 2 hours and some as many as 3 hours. (These numbers are before adding in the new LESA information.)

The current law requires that certain borrowers within an income and asset threshold (gross income of less than 50% of area median income and assets of less than \$120,000, excluding residence) must receive counseling on an in-person basis. For borrowers outside of the threshold, they have the option of selecting telephonic or in-person counseling. Please comment on the implementation of this provision and whether additional clarity is necessary or amendments should be made to this provision.

Personally I believe that everyone should do in person counseling. Every session that I have done has been in person and I believe that to be the correct method. However, I am a realist. I understand that there are those people who, for whatever reason, might prefer to do it over the telephone and who will be properly counseled that way. The vast majority of those people are above both the income and asset limit. The problem with this limit is not on the counseling side, it is on the side of the lenders and underwriters, many of whom have made it clear that they will not make loans to anyone, regardless of their income or asset levels, in Massachusetts if they do over the phone counseling. The lenders have made that choice and precipitated the present issue. Let the industry correct it. Especially with the advent of means testing and credit checks, there is no reason for anyone on the industry side to be worried that their customer is under the limits set by the law of the Commonwealth.

Please comment on your knowledge of the percentage of reverse mortgage borrowers that fall within the existing threshold necessitating in-person counseling.

In my case this is a bit tough to quantify since everyone comes in for in person counseling. However, that being said, I would say that approximately 1/3rd to 5/8ths of all of our counseling sessions are done for people who are at 200% of the poverty line, necessitating a free counseling service under HUD.

Please comment on the extent and nature of any hardships known to have been experienced by seniors in their efforts to obtain in-person counseling.

One of the largest hardships for a senior trying to obtain a counseling session comes from those seniors who are housebound. I am not speaking about those who want it in their home because it is convenient, nor those who want it in their home because they personally do not drive, I am referencing those that are unable to leave their house for various physical/medical reasons. There are some, but not many of these folks. In the time I have been counseling, I have physically gone out to the clients about four times. As a Local HUD Housing Counseling Agency, we take our mission very seriously and we will go out to someone in our direct service communities: the Town of Burlington, the Town of Lexington, the City of Melrose, the Town of North Reading, the Town of Reading, the Town of Stoneham, the Town of Wakefield, the Town of Wilmington, the Town of Winchester, and the City of Woburn. These communities are the core communities for our agency and, as such, receive the bulk of our services. We will see anyone in the Commonwealth for HECM counseling, but these are our primary communities.

The vast majority of seniors just do not want to be bothered going out for these counseling sessions. However, once there, they often find them useful and enjoyable. In addition, in many cases if a person with a real hardship were to contact the nearest agency to them or the Division of Banks, they may very well get help. I know that if my agency was contacted by the Division of Banks and asked, as a reasonable accommodation, to see a person who is disabled that we probably would do it. It might not be immediate, but we would do it as soon as we could fit it into our calendar. (We would, of course, seek some extra compensation for traveling and we would want it to be a reasonable distance away. Driving to the Berkshires is just not going to happen as it would take way too much time and there are closer agencies.)

Additional comments and testimony are welcome.

Ultimately this will all come down to money. The Commonwealth changed the law. I think the change is good, but, as the law of unintended consequences says, not everything came out like it should. There are too few agencies in the Commonwealth to truly carry the load. Further, there is too little money in the counseling. Our agency is moving from \$125.00 to \$175.00 as of July 1st. We are also seeing more than double the number of people we have seen over the past few years. In 2010 we saw 107 households, face to face. In 2011, we saw 91 households. In 2012, we saw 125 households. In 2013, we saw 82 households. In 2014, we saw 99 households. **So far in 2015, we have seen 104 households.** That is more than double all of the households we saw in 2014 in less than five months. Money is an issue as this keeps us from being able to help other clients. There is not enough money from HUD and from the fees we collect to cover one salary, let alone two. It is very important that the Commonwealth look to properly funding these agencies so that we can see more people and so that there are more agencies to cover the areas we

do not currently cover. The average counseling session is around 95 to 110 minutes of actual time spent in front of the client. That does not count preparation time, time spent on the phone, time spent on follow up, filing, time spent entering the client into various client databases, etc. All told, the average HECM takes approximately three hours of time, not counting training, maintaining currency in the subject matter, discussions with colleagues, etc. At what point does the agency get properly compensated for these tasks? Why is not more spent to cover them from the industry side?



1400 16th Street, NW
Suite 420
Washington, DC 20036
Tel. 202.939.1760
Fax. 202.265.4435
www.nrmlaonline.org

Via email and U.S. Mail:

siobhan.coyle@state.ma.us

May 20, 2015

Executive Office of Elder Affairs
Attn: Siobhan Coyle
1 Ashburton Place, 5th Floor
Boston, MA 02108

Re: Section 64 of Chapter 10 of the Acts of 2015

Dear Siobhan Coyle:

My name is Joe DeMarkey, and I am employed by Reverse Mortgage Funding. I have been a resident of Massachusetts since 1998, and I currently reside with my wife and two children in Holliston, Massachusetts. Reverse Mortgage Funding is a member of the National Reverse Mortgage Lenders Association, or NRMLA, and I serve as Co-Chair of its Board of Directors.

NRMLA is the national voice of the reverse mortgage industry, serving as an educational resource, policy advocate and public affairs center for lenders and related professionals. NRMLA was established in 1997 to enhance the professionalism of the reverse mortgage business. Our mission is to educate consumers about the pros and cons of reverse mortgages, to train lenders to be sensitive to clients' needs, to enforce our Code of Ethics and Professional Responsibility, and to advise policy makers on reverse mortgage issues.

Over 90% of the reverse mortgages in the United States today are originated, purchased, or serviced by NRMLA members. In addition, over 99% of reverse mortgages originated in the market today are FHA-insured HECMs.

Please accept this letter as my written testimony on behalf of NRMLA regarding legislation requiring in-person counseling in Massachusetts for reverse mortgage applicants. I appreciate the opportunity to submit this written testimony, and thank you for receiving my comments.

NRMLA supports responsible reverse mortgage lending, and protecting seniors, while providing seniors with access to credit and a choice with respect to financial services. For those seniors who choose to learn about and enter into a reverse mortgage transaction, it can be an important financial tool, provide needed funding or additional retirement options, and allow a senior to age in place in their own home. In short, a reverse mortgage can provide financial flexibility and help finance the longevity of a senior's aging in place. A reverse mortgage is an especially important option today given recent downward trends in other retirement assets and uncertainties surrounding other means of support.

My comments on Massachusetts law and legislation, and the current study underway, are focused in six areas, as follows:

1. Due to the hardships that are imposed on Massachusetts seniors if they are required to continue to undergo in-person reverse mortgage counseling, we respectfully request that an immediate suspension to in person counseling be put into place, and a group of stakeholders be formed and given sufficient time to thoughtfully study all of the pertinent issues surrounding face-to-face reverse mortgage counseling.
2. The definition of "mortgagor" under Massachusetts law;
3. The practical inability of a lender prior to counseling to determine if a reverse mortgage applicant meets the definition of a "mortgagor", and the consequences to a lender if such a mortgagor has not undergone face-to-face counseling, and thus, the *de facto* requirement today in Massachusetts that most if not all prospective reverse mortgage applicants undergo in-person counseling;
4. The robust protocols, services and training in place with HUD-approved reverse mortgage housing counseling;
5. The lack of availability of an adequate number of counselors physically within Massachusetts to handle in-person counseling for all seniors interested in a reverse mortgage; and
6. The demonstrated preferred method of telephonic counseling that most seniors choose in order to undergo reverse mortgage related counseling.

We have also submitted summaries of stories of Massachusetts seniors having to travel great, or sometimes even small distances, in order to undergo counseling, and this has had an undue hardship on

them. Most seniors are proudly independent; however, some seniors are not as mobile as others. Some seniors do not have their own transportation, and do not have ready access to convenient transportation. Many seniors depend on others for basic transportation for items such as grocery shopping, picking up items at the pharmacy, and traveling to and from medical appointments. In our experience, and also based on our interactions with those in the counseling community, seniors would rather not impose on others, including family members, for matters where the senior either can take care of the item themselves, or the senior does not have to appear in-person in order to take care of the matter. This includes routine daily matters such as paying bills online, and dealing with customer service representatives over the phone, as well as ordering grocery deliveries online where economical or beneficial to do so. In our experience, seniors would rather "save" the favor of a ride to appointments where the senior absolutely must appear in person, such as a doctor's appointment, medical visit or medical procedure. In addition, as has been placed into the hearing record, Massachusetts seniors have had trouble in having to travel in order to undergo counseling and that has and will continue to work an undue hardship on such seniors. I submit to you that the information on this issue placed into the record on this point is merely a small but representative sample of the broader population of Massachusetts seniors, and is consistent with our experiences and understanding of seniors' views as we deal with seniors every day. Further, we are not aware of any evidence or information that Massachusetts government agencies have produced, nor any prior legislative studies, that would show that having to undergo in-person counseling would not work an undue hardship on Massachusetts seniors. Thus, while we submit that *de facto* mandatory in-person counseling does and would continue to work an undue hardship on Massachusetts seniors, respectfully, the Commonwealth has yet to produce any information that *de facto* mandatory in-person counseling does not and would not continue to work an undue hardship on Massachusetts seniors.

We are also concerned that a face-to-face counseling requirement could result in instances of hardship and disparate adverse impact on a disabled mortgagor's ability to obtain a reverse mortgage. As drafted today, Massachusetts law more or less compels most if not all prospective reverse mortgage applicants to undergo face-to-face counseling. Allow me to explain further. As you know, under Massachusetts law, a "mortgagor" is defined as an applicant for a reverse mortgage who: (1) has a gross income of less than fifty (50%) percent of the area median income, as periodically determined by the United States Department of Housing and Urban Development (or HUD); and (2) possesses assets, excluding a primary residence, valued at less than \$120,000. As an aside, we understand the legislative intent to protect a certain segment of the population, however, we have concerns that lower income

persons will be singled out for more onerous and expensive treatment, potentially resulting in delayed or denied access to credit, and that such a statutory provision is overbroad and ill-defined and not reasonably related or closely tailored to serve a legitimate or compelling state interest. As stated above, we also have the same concerns for disabled seniors. Since the outset, we have never been in favor of creating a class of less advantaged seniors, and then discriminating against them both legislatively and practically. Further, HUD has several different criteria or categories of an area when determining median income. It is not clear under Massachusetts law to which of those criteria or categories lenders should refer. In addition, as you should know, often a prospective reverse mortgage applicant will reach out to a counseling agency prior to contacting a lender. In these instances, it is not incumbent upon, and there are no consequences to, the counseling agency to calculate properly the income and assets of the prospective reverse mortgage applicant in order to determine if the prospective reverse mortgage applicant is a "mortgagor" as defined under Massachusetts law. If a prospective reverse mortgage applicant reaches out to, and meets with, a counseling agency prior to contacting a lender, but that prospective reverse mortgage applicant was not counseled in an in-person setting, given that in these instances the loan will be void if the prospective reverse mortgage applicant meets the definition of a "mortgagor" as defined under Massachusetts law, lenders will be very leery of accepting such counseling certificates, and will be forced to request the seniors to re-attend another counseling session at the cost, time and expense to the senior.

In this regard, I wish to highlight some very important points about FHA-insured HECM loans. First, under the HUD HECM program, lenders are prohibited by the HECM statute from paying for HECM counseling. Second, with the HECM program, lenders are limited in taking and processing a full and complete loan application until the applicant has undergone counseling and presents a counseling certificate to the lender. Further, a lender cannot refer a prospective reverse mortgage applicant to any one counselor, nor can a lender control when a senior interested in a reverse mortgage may go to counseling.

Thus, a lender is limited in the activities it can undertake until a prospective applicant undergoes counseling. Therefore, for instance, the information a lender would need in order to determine fully and adequately whether a prospective reverse mortgage applicant meets the definition of "mortgagor" under Massachusetts law cannot be reasonably and properly gathered until **AFTER** a senior goes to counseling. Thus, as currently constructed, Massachusetts law has created a very onerous and illogical so-called

"Catch 22", and is effectively forcing lenders to refrain from taking a reverse mortgage application unless it can verify that the senior has undergone face-to-face counseling. Since August 2014, if a senior has already gone through counseling, some lenders are asking such seniors to undergo counseling again, in a face-to-face setting in order to avoid the potential of the underlying loan later being declared null and void. This process is costing seniors more in order to undergo counseling twice. Further, we are informed that some counseling agencies are charging borrowers more for face-to-face counseling sessions. We respectfully submit that this is bad policy as we do not believe this is what the Massachusetts legislature intended, but we do believe the legislature and the Governor intended, last August 2014, that this in-person counseling requirement be further delayed until these issues could be adequately studied and further addressed. Given the clear legislative and gubernatorial mandate, we respectfully request that this law be delayed immediately until it can be studied further. We submit that the Division of Banks could achieve this result in part by issuing a "no action" letter with regard to its regulations found at 209 CMR 55.04(5).

Again, a lender's failure to receive a certification from a counselor approved by the Executive Office of Elder Affairs that a "mortgagor" has received in-person counseling renders the terms of the reverse mortgage void and unenforceable.

Further, under the FHA HECM program, a lender is required to provide to a prospective reverse mortgage applicant a list of HECM counseling agencies, which list is to include a list of national and regional counseling intermediaries (currently 8), as well as at least five agencies within the local area, state or both of the prospective borrower, one of the local agencies which should be located within a reasonable driving distance for the purpose of face-to-face counseling. However, under Massachusetts law, all seniors wishing to obtain a reverse mortgage must be counseled by a counseling agency approved by the Massachusetts Executive Office of Elder Affairs. Further, because most reverse mortgages originated in the Commonwealth are FHA-insured HECMs, the counseling agency also must be HUD-approved and follow HUD reverse mortgage counseling guidelines and protocols.

However, today, there are only eight (8) counseling agencies in Massachusetts that are both approved by the Massachusetts Executive Office of Elder Affairs and HUD. There are 31 counselors in Massachusetts that are both HUD exam qualified AND approved by the Executive Office of Elder Affairs. Of the 31 counselors referenced above, 27 counselors are available for face-to-face counseling. Of the 27

counselors available for face-to-face, two (2) counselors will reportedly conduct “in-home” counseling regardless of driving distance, while five (5) counselors will visit a client “in-home” if the client is within driving distance (those counselors are in Hyannis, Auburndale and Newton, Massachusetts). One counselor will conduct in-home within a 30 mile radius of her own home. One will conduct in-home, if necessary, but only in the ten surrounding communities that comprise the agency’s designated service area. The other “face-to face” counselors require the client to travel to the counselor’s office. I would like to point out, also, that prior to August 2014, there were eleven (11) counseling agencies in Massachusetts that are both approved by the Massachusetts Executive Office of Elder Affairs and HUD. Now, as stated above, there are only eight (8). The lack of adequate counseling resources in the Commonwealth has been robustly documented and widely agreed upon by all, and such agreement is not only recent but has been the overwhelming and prevailing view for many years.

Further, often, a senior may go to counseling first, prior to speaking with a lender. We do not believe that a counseling agency will assess a seniors’ financial wherewithal and budget issues in those instances wherein the senior goes to counseling first, in order to determine adequately if the prospective reverse mortgage applicant meets the definition of “mortgagor” under Massachusetts law. Again, however, the failure of the counselor to do so has no consequences to the counselor or counseling agency, but may cause the lender’s loan or any one that purchases the loan to end up holding a voidable loan. This will continue to have a greater chilling effect on the secondary market for reverse mortgages in Massachusetts, and further constrain credit. We do not think that is or should be the policy of Massachusetts. Even in those instances where such an assessment is made by a counselor, unless Massachusetts law is revised, lenders will be reluctant to accept such a counseling certificate and will ask that the senior go through counseling again in a face-to-face setting. Again, lenders cannot pay for counseling, and this increased cost will be directly borne by Massachusetts seniors.

Further, as noted above, the type of more complete “underwriting” that must be done in order to assess whether an applicant meets the definition of a “mortgagor” under Massachusetts law can only be undertaken and completed under the FHA HECM program by the lender AFTER a senior has gone through counseling.

Because HECM lenders cannot collect and review all of the necessary and adequate “underwriting” data prior to counseling, and due to the specter of the harsh results of unenforceability of a reverse mortgage

loan if a "mortgagor" does not undergo face-to-face counseling, this is causing lenders to require most if not all reverse mortgage applicants to undergo face-to-face counseling and obtain and present a counseling certificate to the lender. This increased cost will be directly borne by Massachusetts seniors least likely to be able to afford it.

As noted above, lenders cannot pay for counseling under the FHA HECM program. Thus, in many instances, in our view, seniors are being required to pay for counseling at least twice. We do not believe such a result was intended nor serves any legitimate public policy purpose.

Please note that several years ago, outside of clear statutory provisions, the Massachusetts Executive Office of Elder Affairs in our view improperly took the position that face-to-face counseling was required for all potential reverse mortgage applicants in the Commonwealth. Due to the documented lack of availability of counselors also at that time as well, in order to provide face-to-face counseling to all interested prospective reverse mortgage applicants, appointments for reverse mortgage counseling were taking two (2) to three (3) months to fulfill. During this period, reverse mortgage originations were severely constrained and almost came to a halt. Again, as stated above, we are concerned that with the specter of the harsh results of unenforceability of a reverse mortgage loan if a "mortgagor" does not undergo face-to-face counseling, and the inability of lenders to fully and adequately determine prior to counseling which seniors might meet the definition of a "mortgagor", lenders are forced to ask all prospective reverse mortgage applicants to undergo face-to-face counseling, but such counseling capacity does not exist within Massachusetts, and backlogs of reverse mortgage counseling are occurring again, in addition to increased costs and inconvenience to seniors.

Further, in addition to the onerous burdens that we believe that *de facto* mandatory in-person counseling does and would continue to work upon Massachusetts seniors, we also believe that there is a mistaken belief that in-person reverse mortgage counseling is always better or more appropriate than telephonic counseling. For the following reasons, we submit to you this is not the case. As documented, there are not enough well-trained and qualified counselors physically present within the Commonwealth in order to counsel all prospective reverse mortgage applicants in Massachusetts wishing to consider a reverse mortgage.

As documentation that we have submitted demonstrates, HUD has very robust policies, procedures, protocols and requirements in place for HUD-approved reverse mortgage counselors. First, the HECM

statute, section 255 of the National Housing Act, requires that counselors be independent from lenders. In this regard, as previously stated, lenders cannot pay for reverse mortgage counseling sessions. Borrowers must pay for counseling. FHA has issued a multitude of HECM counseling guidance in the form of Mortgagee Letters. Further, in 2010, HUD updated and created a separate HUD Counseling Handbook that is over 190 pages long, and that has eight chapters and four appendices, including one chapter and one appendix each specifically on reverse mortgage counseling. Moreover, HUD counselors undergo extensive training. HUD counseling protocols and curricula are designed to ensure a prospective reverse mortgage applicant undergoing counseling will have a very good comprehension of reverse mortgage loan features, as well as the benefits of a reverse mortgage, along with borrower obligations and responsibilities, and alternative options to a reverse mortgage. In addition, many HUD-approved counseling agencies located outside of the Commonwealth have multi-lingual interpreters available to conduct and address counseling in over 200 different languages. Further, counseled seniors must answer a set of "questions of understanding" and if the counseled seniors do not answer a certain number of questions correctly, the counseling agency is prohibited from issuing the counseling certificate. Moreover, based on statistics provided to us, an overwhelming majority of seniors prefer to undergo counseling over the telephone. Based on information provided to us, prior to August 2014, when in-person or telephone counseling was an option in Massachusetts, over 70% of Massachusetts seniors undergoing reverse mortgage counseling sessions elected to do so over the telephone.

Currently, as has been well-documented and widely agreed upon by many testifiers including representatives of the approved and active counseling agencies, we do not believe that there are an adequate number of HUD-approved and Massachusetts Executive Office of Elder Affairs approved counselors to serve, on a face-to-face basis, all Massachusetts seniors interested in a reverse mortgage. This shortfall, which we do not expect to be fully addressed at least over the next couple of years, if any time soon, is exacerbated in Massachusetts, because, in our view, of the statutory penalty of the unenforceability of a loan for failure to obtain face-to-face counseling for "mortgagors", which mortgagor status is not readily ascertainable until after counseling. We feel this onerous penalty is forcing most if not all lenders to require most if not all prospective reverse mortgage applicants in Massachusetts to undergo face-to-face counseling. Counseling agencies generally charge more for in-person sessions, and as drafted, under Massachusetts law, seniors are basically not being given an adequate and practical choice to avoid that added cost. Further, requiring seniors to travel to a face-to-face counseling session is

impractical, more costly and will continue to work an undue hardship on some seniors with limited mobility and disabilities.

As far as how many prospective reverse mortgage applicants meet the definition of "mortgagor" under Massachusetts law, we would submit to you that, given the onerous consequences of a "mortgagor" not receiving in-person counseling, and the fact that lenders cannot fully underwrite and process a loan until after a senior has been counseled, the reverse mortgage industry, since August 2014, has not kept detailed information in order to address this issue adequately. However, as the Division is aware, FHA changed the HECM program to require further financial assessment underwriting for HECM borrowers, and those requirements just went into effect on April 27, 2015. Nonetheless, notwithstanding these factors, these matters do not lessen the testimony we have put on here today, namely that: i) mandated in-person counseling is and will continue to work an undue hardship and impose more cost upon Massachusetts seniors, ii) the Commonwealth has neither put on nor offered any evidence that such in-person counseling will not work an undue hardship or impose more cost upon Massachusetts seniors, or that in-person counseling is somehow of substantially higher quality than telephone counseling, iii) that in-person counseling is not always inherently better than face-to-face counseling, iv) that even after FHA's implementation of Financial Assessment, lenders cannot undertake that assessment fully until after a senior has been counseled, v) that Massachusetts does not have an adequate number of local trained counselors to address and meet the demand for counseling, vi) that HUD-approved counselors, some of which are located outside of the Commonwealth, are well trained to provide high quality counseling over the telephone, and viii) that seniors overwhelmingly prefer telephonic counseling, and such counseling is generally less costly.

Further, we believe that this Massachusetts law on in-person reverse mortgage counseling is having an impact on Massachusetts small businesses, requiring them to hire additional employees in order to comply with the Massachusetts statute which has not been delayed. As noted above, because of the specter of the harsh results of unenforceability of a reverse mortgage loan, as of August 2014, if a "mortgagor" does not undergo face-to-face counseling, many lenders are requiring most if not all prospective reverse mortgage applicants to undergo counseling again in a face-to-face setting, at an additional cost and inconvenience to the senior. In order for such counseling capacity to be adequate, counseling agencies need to hire more counselors. However, we do not believe that they have fully done so yet, nor will they do so or be able to do so in the near term, if ever. Many, if not most, local

Massachusetts counseling agencies are small businesses. Because local counseling agencies have not hired an adequate number of additional counselors, as described above, backlogs of reverse mortgage counseling are occurring again. Moreover, with delays in counseling, backlogs in counseling appointments, reverse mortgage originations again are impacted and we believe that this is having an adverse and material effect on many Massachusetts based and other small business lenders.

Therefore, we respectfully request the following. First, there must be an immediate delay to *de facto* in-person counseling, and seniors should immediately be allowed to attend reverse mortgage counseling telephonically if they so choose. As you know, the House and Senate already enacted this delay in July 2014. The Governor likewise approved the delay, but his reply was impaired by a hyper-technical language glitch. Nonetheless, there is a clear legislative and executive policy and desire for required in person counseling to be further delayed until the issue can be adequately and fully studied.

We further request that the legislative mandate be fully discharged. Respectfully, a hearing does not discharge or meet this legislative mandate. In this regard, we believe that a full study group be comprised with relevant stakeholders as required under Section 64 of Chapter 10 of the Acts of 2015, in order to facilitate a complete, robust and thoughtful collaboration between government, industry, and advocates to identify that problem and to arrive at a solution that truly serves Massachusetts seniors seeking information on reverse mortgages.

In conclusion, NRMLA supports responsible reverse mortgage lending, and protecting seniors, while providing seniors with access to credit and a choice with respect to financial services and counseling. However, as outlined in my remarks today, we are concerned that, since August 2014, under the statute, as it stands today, lenders are forced to request that most if not all prospective reverse mortgage applicants attend face-to-face counseling. As demonstrated today, this works a costly and undue hardship on Massachusetts seniors. Further, we, and most all others, do not believe there are adequate counseling resources within Massachusetts to handle such reverse mortgage counseling volume. In addition, we are not certain at this point when such capacity will be in place. Indeed, we note, the Massachusetts legislature took note of this issue prior to enacting Chapter 258 of the Acts of 2010, and again amended the legislation to provide for a delayed effective date of the in-person counseling requirement until August 2012, and again in 2014. However, those 2014 efforts were side-railed in the legislation process, which brings us to where we are today. We ask that the Division, Office of Elder Affairs and the legislature keep all of the foregoing in mind and commit to work with appropriate stakeholders on

emergency amendatory legislation to assure that reverse mortgage counseling for Massachusetts seniors remains available.

Again, I appreciate the opportunity to testify and thank you for receiving my remarks.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joe P. DeMarkey". The signature is fluid and cursive, with the first name "Joe" and last name "DeMarkey" clearly distinguishable.

Joseph P. DeMarkey , Co-Chair, NRMLA
1400 16th Street NW, Suite 420
Washington, DC 20036
jdemarkey@reversefunding.com
(508) 429-6271

Cc: Peter Bell, President & CEO, NRMLA
Steve Irwin, EVP. NRMLA



1400 16th Street, NW
Suite 420
Washington, DC 20036
Tel. 202.939.1760
Fax. 202.265.4435
www.nrmlaonline.org

May 20, 2015

To Whom it May Concern:

I, Steve Irwin, Executive Vice President of the National Reverse Mortgage Lenders Association (or NRMLA), hereby certify that the below stories and summaries were provided to me by NRMLA members, and that such NRMLA members certified to me that these summaries are truthful and accurate and were provided by or are about actual prospective Massachusetts reverse mortgage applicants.

Steve Irwin, EVP, NRMLA
1400 16th Street NW, Suite 420
Washington, DC 20036
sirwin@dworbell.com
202-939-1776

Disparate Impact on the Vulnerable Massachusetts Seniors

Foreclosure peril

I have a client in Milford MA who is now ready to do counseling. Unfortunately she had eye surgery and is now restricted to her home for several weeks because of her inability to drive. She is late on her mortgage payments and taxes and is facing a possible foreclosure. – Jerry Congdon, Berkshire Bank

Bed-ridden

The closest counselor to Berkshire County is over one hour by car. I just did a loan before 8/1 for a bed ridden woman who is 89 and would never have been able to apply if she had to do face to face. The funds from the reverse mortgage will allow her to self-pay for home health care and keep her out of the only alternative: a nursing home, paid for by MassHealth. – Jessica Krupsky, Berkshire Bank

Out-of-state spouse

The husband of my Gloucester client is presently in a rehab center in Georgia. Reverse mortgage counseling is required for both spouses. Her husband will willingly participate in telephone counseling, but face-to-face counseling with a Mass. EOEA approved agency is clearly impossible. – Brett Kirkpatrick, Harbor Mortgage

Bed-ridden.

90 year old woman living on Martha's Vineyard was bed-ridden and required 24/7 care. All of her mental faculties were intact, and she desperately wanted to stay in her own home. She had been private paying for many years at incredible expense, and she would be out of money in 2-3 months. Without a reverse mortgage (and telephone counseling) her only alternative was an off-island nursing home, likely paid for by MassHealth. – Chris Downey, Harbor Mortgage

Inability to sit-up

Couple 82 and 80 – wife is taking care of husband who does not leave home except for Dr. appointments is on hold for now. They are looking for additional funds to help pay for medication. The husband is not able to sit up for a long period of time and would not be able to physically go to a counseling agency and sit through counseling. – Jack Belles, Reverse Mortgage New England

Wheelchair

86 year old widow who is in a wheelchair has not been able to secure a ride to any of the distant agencies. She has no mortgage, but needs a Reverse Mortgage to help pay for her taxes that just went up. – Jack Belles, Reverse Mortgage New England

Hearing disability

My 92 year-old client in Brookline owns a \$1.53 million home.

Despite a successful career in financial services, after 30 years of retirement, his current income and assets subject him to mandatory face-to-face counseling.

Two years ago, his hearing suddenly started to deteriorate. Today, he struggles to follow face-to-face conversations, only moderately assisted by a hearing aid.

He opted for telephone counseling, because with additional hearing assist devices on his telephone, he can hear nearly normally.

Mandatory face-to-face counseling would have created a severe and unnecessary hardship on this client as he sought reverse mortgage counseling. – Brett Kirkpatrick, Harbor Mortgage.

Full-time employment

62-year-old woman still works full-time 45-50 hours per week as a mental health counselor. After work, she spends each evening attending to her 90+ year-old mother. I have done all my consultations at her work between her appointments or after hours. She is eager to apply for a HECM but cannot fit face-to-face counseling into her day. – Steve Pepe, Reverse Mortgage Funding.

Physical Disability

82 year-old woman with such severe chronic back problems that she can no longer drive or even sit up much. She is on cortisone shot therapy presently and will need her 3rd back

surgery soon. Her husband cannot drive., and it recently took her several weeks of fighting with her sons before one of them finally drove her to MRI appointment. This couple needs money quickly for their mounting medical bills and in-home caregivers, but they absolutely need telephonic counseling. – Steve Pepe, Reverse Mortgage Funding

No transportation

I just closed a loan last week with an 85-year-old widow who has no car or driver's license, and no money to hire private transportation. She had very large delinquent debts, and debt collectors harassed her numerous times a day. If not for telephonic counseling, we would not have been able to clear up her delinquent debts, provide food, heat her home (she owed her heating oil company over \$1,800 from last year) and pay for in-home care. – Steve Pepe, Reverse Mortgage Funding

Hired transportation

My 89 year-old client in Maynard gave up her license and car 4 years ago. She relies on The Ride and the COA van for shopping and medical appointments. The nearest F2F counseling is in Stoneham, 30 miles away, and outside the allowable range for The Ride.

Despite limited income, she would have to hire a car for a minimum of 4 hours, in order to secure reverse mortgage counseling. – Brett Kirkpatrick, Harbor Mortgage

Lack of counselors

I have a couple on Martha's Vineyard. There are no counselors on the island, so they must take their car on the ferry to get counseling. The cost for travel is \$137 round trip for the car and \$16 for the additional passenger. It will be a full day of travel and counseling to acquire their certificate. A successful reverse mortgage will give them a standby line of credit. They will use part of it to self-insure for Long Term Care. The other part will give them the needed extra income allowing them to stay in their home as they retire. Without it would require a move off the island and selling a home they have lived in for 35 years. He works part-time for the police department and she runs a small business. – Bob Tranchell, Total Mortgage Solutions

Emotional Distress

I have two cases, one in Woburn, another in Wakefield, both with depression issues. The prospect of doing a face to face session would have been impossible for them. In both cases, funding from a reverse mortgage was necessary to survive. It was hard enough to garner their trust, let alone persuade them to go to a face-to-face counseling session. – Chris Grevelis, East Boston Savings Bank

Distance travel

I just had to have a 91 year old get face to face. Luckily his granddaughter took him and it was up near the Cambridge office. If it was in Berkshire County and he was not a spry 91 year old this counseling would not have happened. – Jessica Krupsky, Berkshire Bank

Homebound couple. Lee MA: son called for parents age 90 and 91. They are home bound and would be incapable of making the one hour trip to our closest and only available counselor in Agawam, MA. They have exhausted all of their funds on home health care and their last asset is their free and clear home. Due to the face to face counseling they are unable to apply for a reverse mortgage. - Jessica Krupsky, Berkshire Bank

Increased cost. A senior age 78 has objected to taking an hour drive from Southern Berkshire due to her physical limitations as well as the cost of gas. She has also found the new fee of \$250.00 something she does not have. She owes nothing on her home and has spent down her IRA. She needs funds for heating oil and general home repairs. - Jessica Krupsky, Berkshire Bank

Recent surgery. Another woman age 82 has just had a surgical rod placed in her leg. She cannot get into a car for at least 8 more weeks. At that point she would have to find a driver to take her on the one hour drive for counseling. She also does not have \$250.00 extra for counseling. She needs funds for heating oil and medication. - Jessica Krupsky, Berkshire Bank

Fearful of leaving house. Lives in Medford, 81 years old, medical care and fears having, to leave her home. She lives with her brother and she is so incapacitated, he has to coordinate all her Dr. appointments into one morning a month. The RM will allow her to regain her quality of life, allow her brother to some life of his own, and provide, for some, in home care. - Chris Grevelis, East Boston Savings Bank

Extended wait times. October 1. I have borrowers from Andover who called the Stoneham office and the earliest appointment they could get was November 12 for reverse mortgage counseling. They will not be able to pay their taxes unless they get the mortgage and needed an appointment much earlier than November. They will have difficulty driving to Stoneham. - Jerry Congdon, Berkshire Bank

Hardship Case:

I have a prospective client that suffers from a rare physical disease (sharp women & has all of her faculties) but can no longer drive and both of her children live out of state. That being said, this woman (like many others) is obviously feeling the effects of the face-to-face counseling requirement.

- David Tourtillot, Homestead Mortgage

Confined to Rehab Facility

Elizabeth is currently rehabbing in a nursing home and anxious to have a reverse counseling session now so that her loan will be in process/ready to close once she returns home. Obtaining a modest up front sum from a HECM at closing along with the ability for future line of credit draws will alleviate her outstanding medical bills and provide access to cover the anticipated ongoing in home care funds she will need once she returns home. She is unable to participate in a face to face session while at rehab. Face to face counseling will continue to be an ongoing issue even after she returns to her Beverly home as she will be house bound. - Lyn Coffin, Mortgage Network

Distance Travel. Does not Drive

Sandy resides in Hopedale, MA and does not drive. The nearest counseling location is in Auburndale. Via I 90 the travel time is estimated at 40 minutes without traffic. Although hesitant and uncomfortable, she did reach out to friends and neighbors with hopes of finding someone willing to drive her. The one neighbor considering will not drive on the highway. Taking the alternate Route 16 will increase the one way drive to 1 hour. – Lyn Coffin, Mortgage Network

Disability

I just got off the phone with a 74 yr old with MS and needless to say he is very distraught that he has to travel over an hour each way for counseling. Name and title withheld at submitter's request.

Homebound

Lee MA: Son called for parents age 90 and 91. They are home bound and would be incapable of making the one hour trip to our closest and only available counselor in Agawam, MA. They have exhausted all of their funds on home health care and their last asset is their free and clear home. Due to the face to face counseling they are unable to apply for a reverse mortgage. – Jack Belles, Reverse Mortgage New England

Distance to Counseling

A senior age 78 has objected to taking an hour drive from Southern Berkshire due to her physical limitations as well as the cost of gas. She has also found the new fee of \$250.00 something she does not have. She owes nothing on her home and has spent down her IRA. She needs funds for heating oil and general home repairs. – Jack Belles, Reverse Mortgage New England

Post-surgery. Increased cost of counseling

Another woman age 82 has just had a surgical rod placed in her leg. She cannot get into a car for at least 8 more weeks. At that point she would have to find a driver to take her on the one hour drive for counseling. She also does not have \$250.00 extra for counseling. She needs funds for heating oil and medication. . – Jack Belles, Reverse Mortgage New England

No transportation

Widow 87 years old in Williamstown, MA who no longer drives. The closest counseling agency is in Agawam, MA. The driving distance is 90 miles one way. The cost of the face to face counseling is \$ 200.00. She is not able to get transportation to Agawam, MA. She did not pursue the reverse mortgage. . – Jack Belles, Reverse Mortgage New England

Martha's Vineyard

Couple on Martha's Vineyard (83, 85). They no longer drive. They would have to take a ferry to Woods Hole, MA then take a taxi to Hyannis, MA to do the counseling. They wanted the money to pay for real estate taxes and medication. They are waiting until the summer when they will have family in town to escort them to Hyannis. They did not feel comfortable taking the ferry and then taking a taxi to Hyannis. . – Jack Belles, Reverse Mortgage New England

Chappaquiddick Island

Couple on Chappaquiddick Island (78, 72). Clients had to take two ferries in order to get to the Cape. Clients took a taxi to Hyannis. The round trip cost for transportation was over \$75.00 plus the cost of the counseling. – Jack Belles, Reverse Mortgage New England

Distance to Counseling

Widow age 78. Needed to do a reverse mortgage to pay off her existing mortgage and needed to make \$15,000 in repairs to her house because her insurance was cancelled because of needed repairs. She also needed to make repairs to her car. The closest counseling agency is 70 miles away. She has not been able to get her counseling done because of the distance to the counseling agency. – Jack Belles, Reverse Mortgage New England



HARBOR MORTGAGE SOLUTIONS, INC.

100 Grandview Road ♦ Suite 105 ♦ Braintree, MA 02184-2686

Tel: (781) 843-5553 ♦ (800) 599-8700 ♦ Fax: (781) 843-6661

www.HarborMortgage.com

Via Email and U.S. Mail

Siobhan.Coyle@state.ma.us

May 19, 2015

Executive Office of Elder Affairs

Attention: Siobhan Coyle

1 Ashburton Place, 5th Floor

Boston, MA 02108

RE: Section 64 of Chapter 10 of the Acts of 2015

Dear Ms. Coyle,

My name is George Downey, Founder of Harbor Mortgage Solutions, Inc., a licensed mortgage broker located in Braintree, MA. Harbor has been originating forward mortgages since 1991 and reverse mortgages since 2003.

I am a Certified Reverse Mortgage Professional (CRMP) and serve on the Board of Directors of the National Reverse Mortgage Association (NRMLA). Additionally, I have served on numerous professional committees as well as presenting at local and national industry conferences.

Further, I have been a participant in a task force of local industry stakeholders organized to correct the unnecessary and harmful effects on MA seniors created by the burden of mandatory in-person counseling for seniors seeking information and counseling in their consideration of a reverse mortgage.

Brief History of MA In-Person Counseling Activity

2008 – The first instance of mandatory in-person counseling began in 2008 when EOEA issued a directive compelling MA approved counseling organizations to conduct all reverse mortgage counseling sessions in-person, thus eliminating telephone counseling. This

directive had the unintended but immediate effect of gridlocking the counseling system due to the lack of counseling capacity and accessibility. Appointments for reverse mortgage counseling increased from a few days to several weeks, and months across the Commonwealth. This dilemma was corrected by EOE as special protocols for reverse mortgage counseling with national counseling intermediaries were arranged for MA residents. As a result these arrangements enabled telephone counseling to be restored, which corrected the problem and returned the counseling process to normal.

2010 – The current law in question was introduced as an amendment to a foreclosure prevention bill, which was passed in the closing days of the 2010 legislative year. However, a floor amendment in the Senate was added that imposed a two-year delay of the implementation of the in-person counseling provision until 2012. The purpose of the delay was to enable adequate time for study and for counseling capacity to increase.

2012 – The two year delay did not produce any additional counseling resources. Subsequently, the legislature ordered a second two-year delay for implementation of the mandatory in-person counseling requirement to 2014.

2014 – Once again, no increased counseling resources emerged. In fact, counseling capacity diminished both in terms of the number of counseling agencies 12 to 8 (33% decline) as well as the number of individual certified counselors actively providing reverse mortgage counseling from an all-time high of 39 to 27 (31% decline) today.

An amendment to an Economic Development Bill providing for another two-year delay [to continue telephone counseling accessibility and provide time for a comprehensive study to be conducted] was passed by the legislature and sent to Governor Patrick. The Governor signed the Bill. However, the governor's office issued an administrative amendment to the legislature supporting, but modifying, the reverse mortgage counseling amendment. This occurred in the waning days of the 2014 legislative year. Unfortunately, the governor's amendment contained factual errors including citation of the wrong statute reference. Consequently, the legislature was unable to affirm and implement the Governor's amendment before the 2014 legislative year ended. As a result, the requested two-year delay was not implemented, and mandatory in-person counseling automatically became law. This law has been in effect since August 1, 2014.

NOTE: It is important to recognize that the House, Senate, and the Governor approved the two-year delay amendment. The problem today is the result of an administrative drafting error in the Governor's amendment, which was not corrected before the legislative year ended.

Mitigating Considerations

1. Unconstitutional Law. Attorney John O'Connor reviewed and concluded that the provisions of MA law [MGLC. 167E Section 7A], are unconstitutional on the basis of discrimination: (1) against seniors based on arbitrary and unclear economic criteria, and (2) against seniors with disabilities. In both instances MA law does not provide reasonable accommodation, which is a requirement of federal law. These factors are clear violations of the federal Fair Housing Act and the Americans with Disabilities Act, Section 805 [42 USC Section 3605]. Thus far, no reasonable accommodation(s) have been made or proposed. Attorney O'Connor testified at the public hearing, and submitted written testimony. For your convenience, a copy of his testimony is attached.
2. Lack of Counseling Capacity. MA Counseling agencies must be approved by both the Executive Office of Elder Affairs (EOEA) and HUD. The enclosed map, prepared by Cambridge Credit Counseling Corp., shows the number and location of approved agencies (12) and the number of available counselors (35). Note, this map and data were prepared last year (May, 2014). Today, there are 8 agencies (down from 12 – 33% decline), and 27 counselors (down from 35 – 23% decline). This map visibly depicts vast areas of the state do not have reasonable access to counselors for in-person counseling. As well, the numbers of counseling resources have declined not increased as had been anticipated.
3. Travel Limitations. Clearly, many seniors seeking counseling are unable to travel for a variety of reasons (house-bound due to infirmity, lack of transportation, unable to drive long distances to name only a few). A recent 2015 survey of individual counselors revealed – 2 counselors indicated they will travel anywhere in MA, and 5 indicated they will only travel within their locale. Consequently, seniors unable to travel are prevented from accessing in-person counseling, and therefore unable to apply for a reverse mortgage.
4. Lack of Evidence. Virtually all of the rationale presented to support mandatory in-person counseling has been anecdotal based simply on conjecture and the assumptions of a few individuals. On the other hand, there is substantial evidence [data] from independent researchers, industry and government studies, and consumer surveys, which conclude that in-person and telephone counseling are essentially equally effective.
5. Confusing and Conflicting Language. Current MA law stipulates – a “mortgagor” is defined as an applicant for a reverse mortgage who: (1) has a gross income of less than fifty (50%) percent of the area median income, as periodically determined by

the United States Department of Housing and Urban Development (HUD); and (2) possesses assets, excluding a primary residence, valued at less than \$120,000. HUD has several different criteria or categories of an area when determining “median income”. MA law does not identify which of those criteria or categories lenders, counselors, or consumers should use. Nor does it identify where the information is published or available. Moreover, the asset test provision is without basis and arbitrary.

6. Double Bind (Catch 22) for Lenders and Consumers. The information lenders need to qualify and process an applicant cannot be obtained until *after* counseling has occurred. Counselors have no obligation or authority to determine if a consumer should be counseled in-person or by telephone. Consequently, if a consumer was counseled by telephone a lender may require they be counseled a second time in-person to comply, and pay a second counseling fee.
7. Loan Subject to Unenforceability. MA law further stipulates that if a consumer should have been counseled in-person and was not – the loan will be deemed “unenforceable for the life of the loan”. This creates an unnecessary and unacceptable risk for lenders. In addition, it may provide an opening for predatory borrowers that might attempt to utilize this provision to have a loan rescinded later to avoid repayment.
8. Freedom of Choice Eliminated. Since inception in 1989, the FHA Home Equity Conversion Mortgage (HECM) reverse mortgage has required counseling for all applicants. Each prospect or applicant has always been offered the choice between in-person and telephone counseling. NC (which has a state funded counseling program) and CA require in-person counseling. However, both states provide opt-out provisions facilitating consumer choice. MA seniors do not have such a choice. As a result, many are unable to access an in-person counselor, or get counseling on a timely basis due to travel limitations and counselor scheduling backlogs.
9. Increased Consumer Counseling Costs. The standard counseling fee (paid by the senior) has been \$125 for both in-person and telephone counseling – until the in-person requirement became effective. Counselors now advise they have had to increase the fee (some up to \$250) to cover costs as in-person counseling sessions are more time consuming and overburden limited meeting space facilities.
10. Medicaid (Mass Health) Cost Reduction. Reverse mortgage proceeds are one of the most important financial resources available to senior homeowners to enable them to remain financially independent and pay for their own long term care needs at home. Without this resource infirmed seniors are forced into nursing homes with

the financial burden paid by Mass Health, the single greatest (and rapidly growing) cost to the Commonwealth.

11. Foreclosure Prevention. The FHA reverse mortgage has been a vital solution for senior homeowners confronted with foreclosure. Numerous cases have occurred where reverse mortgages paid off defaulted mortgages and liens, and enabled senior homeowners to remain in their homes without the ongoing burden of mortgage payments. However, the extended wait times for counseling appointments, due to appointment backlogs, compromise seniors' ability to get counseling and the reverse mortgage in time to avoid foreclosure proceedings.
12. Lack of Funding for Counseling. The cost of consumer counseling is paid by the consumer. A few large agencies receive occasional limited funding grants from HUD to offset agency costs. Further, (1) federal law prohibits lenders from directly or indirectly paying for counseling, and (2) there are no provisions in the MA budget for any funding for reverse mortgage counseling.
13. Enhanced Consumer Protections. FHA has implemented a multitude of HECM program improvements and enhancements to the counseling protocols that increase education and consumer protections. The counseling processes, either in-person or by telephone, is robust. All reverse mortgage counselors are thoroughly trained, exam qualified, certified and monitored by HUD.

Conclusion

The FHA (HECM) reverse mortgage has proven to be a valuable resource for senior homeowners with diverse economic means. For many, it has provided a life-line enabling them to remain in their homes without monthly payments and greater financial security. For others, reverse mortgages enable more affluent homeowners to plan their finances and estates more effectively.

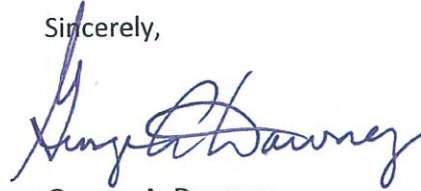
It is my considered opinion that the MA statute [MGLC. 167E Section 7A] is an unnecessary and flawed law that fails to serve, and brings considerable harm to, the very people it should be protecting. Based on the foregoing and my personal experience, I respectfully recommend:

1. Immediately implement the two-year delay to restore the telephone counseling option, and
2. Amend this law to eliminate the "unenforceability" provision, and add an opt-out provision to permanently restore consumer choice. Then,

3. If further information is needed, convene a study group of qualified and experienced professionals to assure a thorough and objective analysis to produce a report with recommendations based on fact and data, not on anecdotal information and conjecture.

Thank you for your consideration in this matter.

Sincerely,



George A. Downey

Enclosures

My name is John O'Connor. I am an attorney with the Law firm of O'Connor & O'Connor, LLC in Braintree, MA. I am also a retired Senior Special Agent with the U.S. Secret Service. During my almost 23 years with the Secret Service, in addition to protective responsibilities, I spent significant time investigating financial crimes. In particular, during my last 5 years with the Secret Service, I was the lead Secret Service Agent assigned to the New England Financial Crimes Task Force. I investigated bank fraud by both lenders and borrowers.

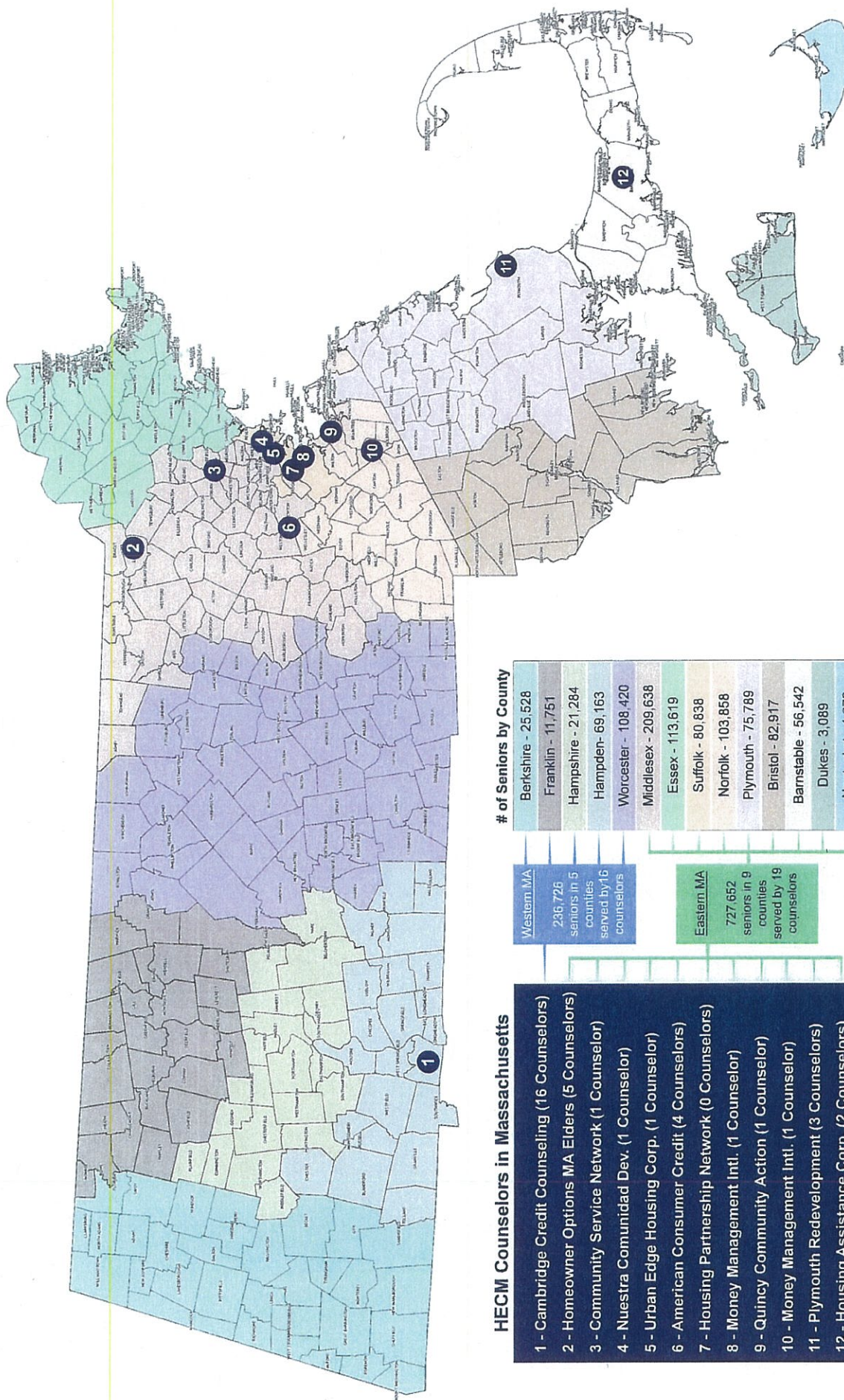
My current legal practice focuses on residential and commercial real estate transactions and elder law. I have closed several thousand residential and commercial real estate transactions, to include a large number of reverse mortgages. I have assisted elders with estate planning and Medicaid planning. I am keenly aware of the many misunderstandings surrounding reverse mortgages. I understand the need to counsel elders about the complexity and the mechanics of reverse mortgages and to protect them from potential lending abuses.

I have reviewed the current regulations [MGL Chapter 167E Section 7A] regarding reverse mortgage counseling. In my opinion the law is unconstitutional in that it discriminates against protected classes of citizens, the elderly and the disabled. It also discriminates between socio-economic classes. The Fair Housing Act, Section 805 [42 U.S.C. 3605] prohibits discrimination in residential real estate-related transactions. Specifically "it shall be unlawful for any person or other entity whose business includes engaging in residential real estate-related transactions to discriminate against any person in making available such a transaction, or in the terms or conditions of such a transaction, because of race, color, religion, sex, handicap, familial status or family origin." A Home Equity Conversion Mortgage, aka Reverse Mortgage, is a residential real estate-related transaction. The current law requires in person counseling for those potential elder borrowers within an income and asset threshold to receive in-person counseling. The law, as it is written, is discriminatory in that it makes no accommodation for those elders who are disabled, home bound or somehow unable to travel to attend an in-person counseling session. An elder who is socio-economically outside the minimum financial threshold is, however, provided with the accommodation of telephonic counseling.

I have closed numerous HECM loans for elders who, because of physical disabilities, illnesses, lack of transportation or the like are housebound. Under those circumstances, I accommodate those borrowers by travelling to the borrower's home to conduct the closing. A reasonable accommodation to the current in-person counseling requirement would be to allow the borrower to opt out of the in-person counseling in favor of telephonic counseling similar to the accommodation given to borrowers who fall outside the minimum financial threshold as outlined in the current statute.

Cambridge Credit Counseling Corp. Reverse Mortgage (HECM) Counseling Agencies in Massachusetts

MAY, 2014



*Note: MMI has one counselor serving two locations.

May 19, 2015

Executive Office of Elderly Affairs

Attn: Siobahn Coyle

1 Ashburton Place

5th Floor

Boston, MA 02108

Dear Ms. Coyle:

As a HUD approved housing counseling agency, American Consumer Credit Counseling (ACCC) has offered both phone and in-person HECM counseling since 2010. ACCC is glad to offer below responses to pertinent questions presented by the Notice of Public Informational Meeting regarding “the necessity and desirability of in-person versus telephonic methods for reverse mortgage counseling to ensure proper protections for eligible seniors.”

- *Given the complexity of a reverse mortgage loan and the significance of the transaction involving a senior’s primary residence, please comment on the preferred method (in-person vs. telephonic) of counseling to ensure full comprehension on the part of the borrower of the terms, costs, conditions, and requirements of the loan. Please provide specific examples.*

Since August 2014, when the legislated delay reverted back to the face-to-face HECM counseling law, ACCC has provided 243 face-to-face HECM counseling sessions to Massachusetts borrowers. While ACCC has nothing more than anecdotal proof, it believes that face-to-face should be, as it has always been recommended by HUD, the preferred method of HECM counseling, but not the only option for counseling. Phone counseling should also be an option for a senior to choose.

While it’s too hard to determine if greater comprehension occurs with in-person counseling, the last ninth months has shown ACCC that face-to-face counseling provides greater flexibility to facilitate and illustrate client questions or changes in financial plans including the HECM. It also fosters an improved client-counselor relationship, one more likely to bring borrowers back with questions or for more help, if needed. That said, the only option to counsel face-to-face and not to also counsel by phone has also increased counseling time per client by at least 30 minutes and

*Member of the Association of Independent Consumer Credit Counseling Agencies
ACCC is in good standing with the Better Business Bureau
Licensed in all states as required*

a need for additional counseling space, which in turn increased cost per in-person session. It also increased costs to seniors who did not have transportation. Also, a small percentage of clients seeking face-to-face HECM counseling were either too far away to reach our office or could not access counseling because homebound by physical or medical handicap. Given increased costs, lack of counseling agencies and enough counselors close enough to provide face-to-face or to drive to clients in need of in-home counseling, phone counseling should remain an option and choice for every Massachusetts senior seeking a HECM.

- *The current law requires that certain borrowers within an income and asset threshold (gross income of less than 50% of area median income and assets of less than \$120,000, excluding residence) must receive counseling on an in-person basis. For borrowers outside of the threshold, they have the option of selecting telephonic or in-person counseling. Please comment on the implementation of this provision and whether additional clarity is necessary or amendments should be made to this provision.*

ACCC feels that the use of the above parameters is now superseded by the recent implementation of the FHA Financial Assessment regulations, so should be eliminated. If the parameters were established as some base level of income/liquid assets necessary for a senior to achieve success using a HECM, the present Financial Assessment, now in place, should take care of any base level income concern. If kept, the rationale behind the parameters should be established and proven, and also proven to be an improvement beyond the goals and function of the Financial Assessment.

- *Please comment on your knowledge of the percentage of reverse mortgage borrowers that fall within the existing threshold necessitating in-person counseling.*

Chose not to respond because all clients, whether qualified to do phone counseling or not, chose in-person counseling. If clients qualified for phone counseling, they feared that a subsequent problem with document verification could mean a possible problem securing the loan later on.

- *Please comment on the extent and nature of any hardships known to have been experienced by seniors in their efforts to obtain in-person counseling.*

Comments by clients seeking face-to-face HECM counseling centered on the following complaints: Location too far away for me to drive; no means of transportation; I can't make that appointment because I can't get a ride on that day; there are no counseling agencies that do HECM's in my area; I drive, but the counseling time you have available is too late in the day. I don't drive in the dark; or I don't drive in the city; or I don't drive when there's bad weather. A small percentage of clients were homebound and could not be transported, so were in need of counseling in the home. ACCC did not have the capacity, funds, or resources to accommodate. To our knowledge, only one MA HUD agency provided at-home counseling in parts of

Massachusetts, not state-wide, and not all clients could be accommodated because the services were based on a specified income-qualification.

Again, thanks for the opportunity to comment on the current state of HECM counseling in Massachusetts and for your effort to make counseling fair for all seniors.

Sincerely,

A handwritten signature in black ink, appearing to read 'Scott Withiam', written over a horizontal line.

Scott Withiam

Housing Counseling Supervisor



The Commonwealth of Massachusetts
MASSACHUSETTS SENATE

SENATOR PATRICIA D. JEHLIN

Second Middlesex District

Medford, Somerville, Cambridge and Winchester

STATE HOUSE, ROOM 424
BOSTON, MA 02133-1053

TEL: (617) 722-1578

FAX: (617) 722-1117

PATRICIA.JEHLIN@MASENATE.GOV

WWW.MASENATE.GOV

Assistant Vice Chair
SENATE WAYS AND MEANS

Chair
ELDER AFFAIRS
and
SENATE INNOVATIVE EDUCATION

Vice Chair
EDUCATION

May 19, 2015

Susan Thomson, Acting Secretary
Executive Office of Elder Affairs
1 Ashburton Place, Room 517
Boston, MA 02108

RE: The benefits of face-to-face counseling for seniors seeking reverse mortgage loans

Dear Secretary Thomson:

I write today to offer comments for your consideration during your review of the necessity and desirability of in-person counseling for seniors seeking reverse mortgage loans in Massachusetts, as required by *Section 64 of Chapter 10 of the Acts of 2015*. In-person counseling has many advantages over telephonic methods that I ask you to address in your report. Thank you for taking testimony on this important policy issue.

Everyone working on this issue wants to assure that financially insecure elders in Massachusetts who own their homes are able to apply for reverse mortgage loans, allowing them to afford to stay in their homes. Reverse mortgage loans are, however, complex transactions that are prone to misunderstandings that sometimes create further financial problems for the very population they are intended to help. Without the requirement for in depth, face-to-face counseling provided by highly trained reverse mortgage loan counselors – which is currently the law in the Commonwealth for this financially fragile population – the likelihood of default and foreclosure would increase.

At first blush one might think that a common means of communication, the telephone, is a perfectly adequate substitute for face-to-face counseling. There are, however, several significant advantages face-to-face counseling has over telephonic methods, particularly related to how people learn complex new and foreign concepts. There are also potentially dire consequences of

a misunderstanding by the borrower. The combination of the effectiveness of face-to-face counseling over telephonic counseling and the potentially dire consequences of a misunderstanding by the borrower provides a compelling case to preserve the existing in-person counseling requirement.

The job description of the Home Equity Conversion Mortgage (“HECM”) counselor combines attributes of an experienced teacher and social worker well versed in social cues, family dynamics, availability and eligibility for government benefits, various mortgage products, personal finances, consumer protection and conflicts of interest.

The face-to-face counseling session allows the HECM counselor to know whether she has successfully carried out her responsibilities to the financially insecure elder. In her role as a highly trained specialized teacher, the face-to-face session enables the HECM counselor to immediately assess what is confusing or troubling the elder because of the immediacy of the visual cues while reviewing a particular topic on a document containing information that both HECM counselor and elder are physically sharing. The HECM counselor could immediately initiate a line of inquiry based on what she actually sees and move through a series of questions until both she and the elder are satisfied that the topic is thoroughly understood.

Moreover, face-to-face counseling interactions allow the HECM counselor to change her explanatory approach immediately to respond to body language and facial expressions. She could also draw out the reticent elder to determine whether the reticence is caused by a physical problem such as fatigue or pain, or whether by embarrassment over difficulties in understanding the concept under discussion. If the former, perhaps a break or continuance of the session would make sense, if the latter, reassurances about the difficulty of the material may smooth the path forward.

Good teachers know that sometimes students don’t know what they don’t know and therefore don’t know what questions to ask. Similarly, the HECM counselor in a face-to-face counseling session will be able to gauge the look on the elder’s face in conjunction with the tone of the voice to determine whether more information is required before moving on to another topic. This avoids mounting confusion for the elder, the opposite of what the counseling session is intended to achieve, which is complete comprehension.

The face-to-face counseling session also allows the HECM counselor to know whether the elder has the cognitive ability to understand the complexities of the reverse mortgage loan and the consequences of failing to follow the rules.

It is because reverse mortgage loans are so complex and difficult for borrowers to understand that a HECM counseling session is a requirement before allowing a borrower to take out the loan.

These are the four mandatory requirements with which the borrower must comply over the lifetime of the loan in order to avoid triggering a default that could lead to foreclosure and sale:

1. The borrower must have sufficient funds to pay property insurance;
2. The borrower must be able to pay property taxes;
3. The borrower must maintain the property in good repair;
4. The borrower cannot be absent from the home for a continuous period of longer than 6 months.

The consequences for failing to comply with these requirements place the borrower in jeopardy of technical default leading to foreclosure on the home and ultimately a sale that could force the borrower and any other occupants of the house to move unless the loan is repaid.

In addition, failing to grasp the concept of “reverse” as increasing the loan balance and decreasing the equity could impede the borrower’s ability to assess whether she can afford the high costs and uncertainty that come with a reverse mortgage loan. Borrowers need to understand that they must have enough cash flow in their budget without the reverse mortgage loan proceeds to afford to pay for unexpected expenses. A common example would be unanticipated, uncovered healthcare expenses.

In summary, in depth face-to-face HECM counseling allows stakeholders representing the reverse mortgage loan industry and advocates for the financially insecure elderly to reduce the likelihood of inadvertent defaults, unexpected forced sales by unsuspecting relatives, and worst of all, foreclosures.

Thank you again for the opportunity to submit comments. Please let me know if I can provide further clarification on anything contained in this letter.

Sincerely,



Patricia D. Jehlen
2nd Middlesex District

The closest face to face counseling agency to all of Berkshire County is at least a one hour drive.

The fee for the face to face ranges from \$200.00 to \$250.00. Most people who are elderly are not willing or able to drive that distance. The drive both ways adds up to at least 3 hours. Include the session itself which is usually 90 minutes and it is at least 4+ hours total. Very few individuals have a friend or family member capable to commit to this due to time constraints and cost of gas.

Most individuals who have median income or assets over \$120,000 do not usually need a reverse mortgage.

The current law which essentially makes this a lose/lose situation for those seniors who most need the funds they could obtain from a reverse mortgage is an example of complete lack of sensitivity to the large population of seniors living below the poverty level. Approximately 95% of inquiries for reverse mortgages fall within the existing threshold necessitating in-person counseling.

MOST RECENT SCENARIOS:

Lee MA: son called for parents age 90 and 91. They are home bound and would be incapable of making the one hour trip to our closest and only available counselor in Agawam, MA. These people are totally homebound. They have exhausted all of their funds on home health care and their last asset is their free and clear home. Due to the face to face counseling they are unable to apply for a reverse mortgage. They have to attempt to sell their home for whatever they can get so they can relocate. RELOCATE in their 90's just because of the mandatory face to face.

A senior age 78 has objected to taking an hour drive to closest counseling from Southern Berkshire due to her physical limitations as well as the cost of gas. She also cannot afford the fee of \$250.00 as this is something she does not have. She owes nothing on her home and has spent down her IRA. She needs funds for heating oil, real estate taxes and general home repairs.

Another woman age 82 has just had a surgical rod placed in her leg. She cannot get into a car for at least 8 more weeks. At that point she would have to find a driver to take her on the one hour drive for closest counseling. She also does not have \$250.00 extra for counseling. She needs funds for heating oil and medication.

Clayton MA- Need to extinguish their forward mortgage due to extreme financial hardship and medical issues. They live 1 ½ hour drive from closest counseling agency. They cannot afford the gas or the \$200+ counseling fee.

Borrower from Becket MA in seventies with several disabilities. One hour drive to closest counseling. Does not own car and cannot afford counseling fee. Living on 1,000 a month and needs the income a reverse mortgage would allow.

West Stockbridge MA – woman 81. Does not have vehicle. Living on 1400/month and can no longer afford RE tax and living expense increases. Has nobody to take her on one hour drive to closest counseling and cannot afford counseling fee.

Housatonic MA – Living on 800.00 a month and can no longer afford home without reverse mortgage funds. 1 ½ hour drive to closest counseling makes it impossible for this woman to get there. She does not own a car and has nobody who would commit to that much driving.

Lenox MA - Age 85 and needs funds for increasing RE taxes and medication. Does not drive and has nobody to take her to counseling which is a 1 ½ hour drive each way to closest fit counseling agency.

Pittsfield MA – Age 91. Has exhausted all savings and does not want to move from a home she's resided in for 60 years. Due to the frailty of her age she is incapable financially or physically of driving the 1 ½ hour drive to the closest counseling agency. She said "If I can't get a reverse mortgage I hope I die so I don't have to move".



3500 Blue Lake Dr., Ste. 325
Birmingham, AL 35243

Executive Office of Elder Affairs

May 12, 2015

Attn: Siobhan Coyle
1 Ashburton Place, 5th Floor
Boston, MA 02108

Re: Informational Hearing on Reverse Mortgage Counseling
Via email: siobhan.coyle@state.ma.us

Dear Ms. Coyle,

FirstBank would like to take this opportunity to comment on the information you are seeking for this hearing; specifically to your request in the notice.

Given the complexity of a reverse mortgage loan and the significance of the transaction involving a senior's primary residence, please comment on the preferred method (in-person vs. telephonic) of counseling to ensure full comprehension on the part of the borrower of the terms, costs, conditions, and requirements of the loan. Please provide specific examples.

FirstBank originates HECM loans on a national level. In theory, an "in-person" requirement makes sense. Daily, we work with clients in other states that have done their counseling via both the "in-person" and "telephonic" methods. It has been our experience, given the requirements mandated by HUD to their counselors, that both methods are extremely effective and thorough. Efforts to mandate counseling access to one method over the other, unfortunately, restricts access to and puts undue stress on many potential HECM applicants that are otherwise unable to attend an "in-person" session due to the limited number of in-state counselors, geographic locations and the many physical limitations of these clients. In the end, FirstBank believes the client should be able to choose their preferred method of counseling without restrictions from the State(s).

The current law requires that certain borrowers within an income and asset threshold (gross income of less than 50% of area median income and assets of less than \$120,000, excluding residence) must receive counseling on an in-person basis. For borrowers outside of the threshold, they have the option of selecting telephonic or in-person counseling. Please comment on the implementation of this provision and whether additional clarity is necessary or amendments should be made to this provision.

Fundamentally, there is value in trying to "protect" those clients who fall into a lower income bracket. The reality is that income is only one component of the overall HECM scenario. Experience has proven that the more important factors



3500 Blue Lake Dr., Ste. 325
Birmingham, AL 35243

are both credit and asset related, in addition to family support and assistance in understanding the process. The role of the counselor is to guide, not control, the decision of the client. Therefore, Income should not be the determining factor in whether or not a client has the "option" of an in-person versus telephonic counseling session. To mandate otherwise is once again, restricting access to and putting undue stress on these potential HECM clients.

Please comment on your knowledge of the percentage of reverse mortgage borrowers that fall within the existing threshold necessitating in-person counseling.

This data is not available historically simply because prior to April 27, 2015, there were no mandatory income documentation requirements. Therefore in order to maintain compliance with and not violate MA State law, FirstBank took a position that all candidates must obtain counseling via the "in-person" method. This did create roadblocks to several seniors in getting this counseling. Since April 27, 2015, HUD has implemented new financial assessment guidelines that mandate all income and asset verification and documentation. Going forward we will be able to better ascertain and identify those clients that exceed the minimum income thresholds as outlined by the present state law.

Please comment on the extent and nature of any hardships known to have been experienced by seniors in their efforts to obtain in-person counseling.

Unfortunately, a vast majority of the HECM clients we do interact with have limitations that make it extremely difficult to obtain in-person counseling. Whether it is physical or health related, lack of transportation, or simply due to the *very limited* numbers of in-state counselors located within a reasonable driving distance, the demand and desire for the HECM product exceeds the present ability of those clients to obtain counseling in the in-person manner and they would be better suited to have an additional option available to them.

If we can be of additional assistance on this matter, please do not hesitate to contact me directly.

Regards,

Ed O'Connor, Sales/Marketing Manager
eoconnor@firstbankonline.com
516-984-3731

Coyle, Siobhan (ELD)

From: Krupski, Jessica <jkrupski@berkshirebank.com>
Sent: Wednesday, April 29, 2015 1:50 PM
To: Coyle, Siobhan (ELD)
Cc: Brett Kirkpatrick (BKirkpatrick@harbormortgage.com); Congdon, Gerald
Subject: Face to Face complexities
Attachments: FTF 4-28-15.pdf

Please see attached.

Jessica Krupski

Reverse Mortgage Specialist
N.M.L.S. #108877

Berkshire Bank – Home Lending

244 Main Street Great Barrington, MA 01230
P 413.229.9908 C 413.329.8399 F 413.229.2210

jkrupski@berkshirebank.com

Berkshire Bank – America's Most Exciting Bank®

Committed to the **RIGHT** core values: **Respect, Integrity, Guts, Having Fun, & Teamwork**

www.berkshirebankhomelending.com/jkrupski

www.facebook.com/berkshirebank

Berkshire Bank is the Official Bank of Boston Bruins coverage on NESN

Berkshire Bank: NMLS Registry Number 506896, Berkshire Bank Member FDIC. Member DIF, Equal Housing Lender. Consult your Social Security, Medicare or other financial advisor to determine how Reverse Mortgage payments may affect your particular situation. Also consult your tax advisor. You must continue to occupy your home as your primary residence, keep it in good repair with all taxes and insurance premiums up to date. Subject to the terms of your mortgage.

CONFIDENTIALLY NOTICE: This communication and any accompanying document(s) are Confidential and privileged. They are intended for the sole use of the addressee. If you receive this transmission in error, you are advised that any disclosure, copying, distribution or the taking of any action in reliance upon the communication is strictly prohibited. If you have received this communication in error please contact me at (978) 640-0003.

Berkshire Bank has implemented a secure email system. You may receive a ZixMail Secure Message with a link to view your message. To access your message follow the three easy steps below: 1. Click on the link provided in the notification email 2. Create a password 3. Click "Submit" To learn more about ZixMail, ZixMessage Center, and other ZixCorp offerings, please go to:

<http://userawareness.zixcorp.com/sites/index.php?b=90c33cb793ed8b48ee4469b8428b729b&type=2&p=2> If you need assistance in accessing your Secure Message, click on the link below or contact ZixCorp Support at support@zixcorp.com or 866-257-4949, or Berkshire Bank at: support@berkshirebank.com or www.berkshirebank/contactus.asp or 800-773-5601.

Coyle, Siobhan (ELD)

From: Cindy Henderson-Beard <cbeard@southboroughma.com>
Sent: Wednesday, April 29, 2015 2:42 PM
To: Coyle, Siobhan (ELD)
Subject: reverse mortgage counseling

To whom it may concern,

I feel strongly that seniors should be visited face to face about the complex process of a reverse mortgages. Many seniors have hearing deficits which makes phone conversations difficult at best. I think when a senior is speaking with someone in person, they can more fully understand what's being said. The counselor would also intuit whether a senior is comprehending the gist of the conversation. Additionally, some seniors are slower to integrate new information (because of the aging process), so full understanding of the subject matter can be limited.

Sincerely,
Cynthia Henderson Beard
Outreach Coordinator

Coyle, Siobhan (ELD)

From: Rita LaBella <rlabella@cityofhaverhill.com>
Sent: Thursday, April 30, 2015 12:01 PM
To: Coyle, Siobhan (ELD)
Subject: Regarding REVERSE Mortgages.....

Reverse Mortgages are good for some situations but NOT good for others; I think it should be a face-to-face interview process. Unfortunately, too many SCAMS are going on over the phone and this just would open up another avenue for these SCAM artists.

Rita LaBella

Coyle, Siobhan (ELD)

From: Sue Schwager <sschwager@marionma.gov>
Sent: Wednesday, May 06, 2015 8:51 AM
To: Coyle, Siobhan (ELD)
Subject: reverse mtg counseling

I feel all counseling should be face to face. Given some elders are hard of hearing the phone is NOT a good means of communication and it does not show you the body language part of the communication. This is a big step for many people and I do not think they all totally understand what happens upon their death. Some want to hold onto the house for their children or may still have a child living with them and do not realize once they die that child has to pay off the mortgage or move.

Town of Marion Privacy and Confidentiality Notice:

The information contained in this email is intended only for the person or entity to which it is addressed and may contain confidential and/or proprietary material. If you have received this message in error, please delete said message and any attachments from your system and notify the sender immediately of the inadvertent transmission. Thank you for your cooperation.

Coyle, Siobhan (ELD)

From: Coyle, Siobhan (ELD)
Sent: Thursday, May 14, 2015 10:07 AM
To: Chapman, John (SCA); Thomson, Sue (ELD); Begin, Cindy (DOB)
Subject: Additional Reverse Mortgage Counseling Comments
Attachments: Counseling Hearing 5-15-2015.pdf

From: Lynne Waterman [<mailto:lwaterman@mashpeema.gov>]
Sent: Thursday, May 07, 2015 3:14 PM
To: Coyle, Siobhan (ELD)
Subject: Public Informational Meeting re: Reverse Mortgage

To: Siobhan Coyle
Re: Written comments regarding Reverse Mortgages

From: Mashpee Council on Aging Staff

Hello Siobhan,

Our opinion is that reverse mortgage counseling should continue to be done face-to-face, not by telephone. Due to many seniors hearing, vision, and cognitive issues, meeting with someone face-to-face ensures the best possibility of understanding the responsibilities and consequences of securing a reverse mortgage. This is especially important given the constant media promotion of the availability of reverse mortgages through celebrity endorsements.

Should you need additional information, please feel free to contact us.

Lynne Waterman

Lynne Waterman, Director
Mashpee Council on Aging
26 Frank E. Hicks Drive
Mashpee, MA 02649
508-539-1440
lwaterman@mashpeema.gov

Attachment 2 – Reverse Mortgage Counselors



The Official Website of the Executive Office of Elder Affairs

Executive Office of Elder Affairs

Home > Housing > Reverse Mortgage Counselors

Reverse Mortgage Counselors

Open Meeting: Office of Consumer Affairs and Business Regulation

The following is the list of reverse mortgage counseling programs approved by the Executive Office of Elder Affairs to provide required reverse mortgage counseling to Massachusetts residents. Please check this list frequently for updates and additions.

- **American Consumer Credit Counseling**
130 Rumford Ave, Suite 202
Auburndale, MA 02466-1371
800-769-3571, ext. 1919
- **Scott Withiam, Housing Counseling Supervisor**
- **Cambridge Credit Counseling Corp.**
67 Hunt Street
Agawam, MA 01001-1920
800-757-1788
- **Tony Lopes, Housing Counselor**
- **Community Service Network, Inc.**
52 Broadway
Stoneham, MA 02180
781-438-1977
Frank J. Kautz, HECM Counselor
- **Credit Card Management Services, Inc.**
100 Massachusetts Ave, Suite 303
- **Arlington, MA 02474**
800-920-2262, 718-646-2648
- **HOME (Homeowner Options for Massachusetts Elders)**
87 Hale Street, second floor
Lowell, MA 01851
978-970-0012, 800-583-5337
- **Housing Assistance Corp.**
460 West Main Street
Hyannis, MA 02601
508-771-5400
Cheryl E. Kramer, HECM Counselor
- **Nuestra Comunidad Development Corporation**
Home Ownership Center
56 Warren Street, Suite 200
Roxbury, MA 02119
phone: 617-318-1237
fax: 617-989-2700
- **Amelia Hill, Associate Asset Manager**
- **Plymouth Redevelopment Authority**
Town Hall
11 Lincoln Street
Plymouth, MA 02360
508-747-1620, ext. 147
Laura L. Schafer, Executive Director
- **Quincy Community Action Programs, Inc.**
1509 Hancock Street
Quincy, MA 02169
617-657-5377
Kory Eng, Housing Program Director