



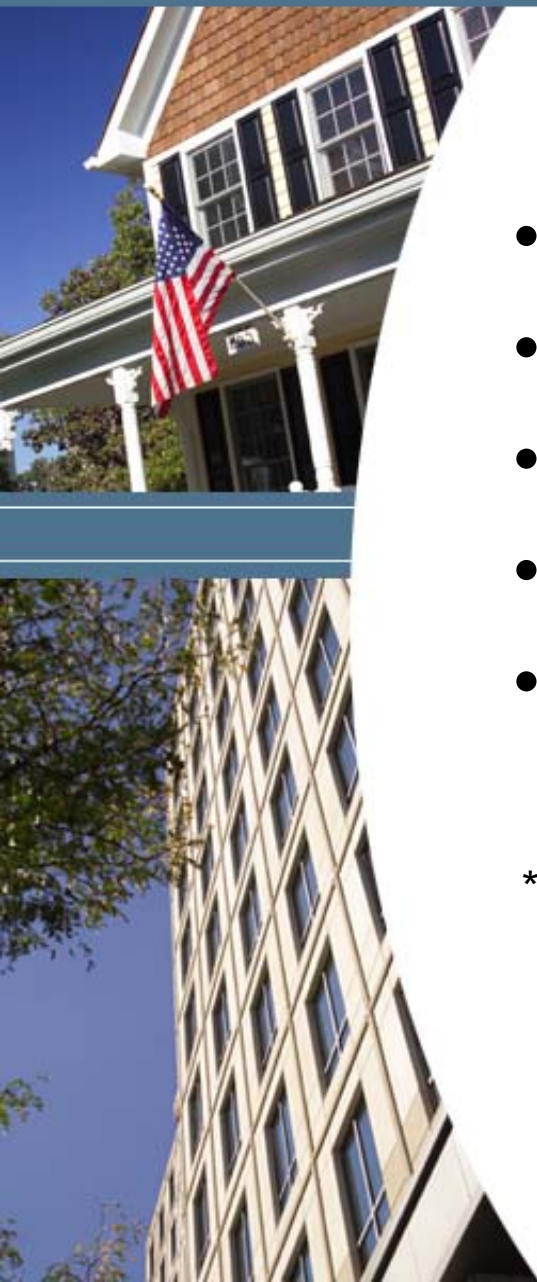
# ***REVERSE LENDING UPDATE***

Presented by Erica Jessup

HUD Headquarters

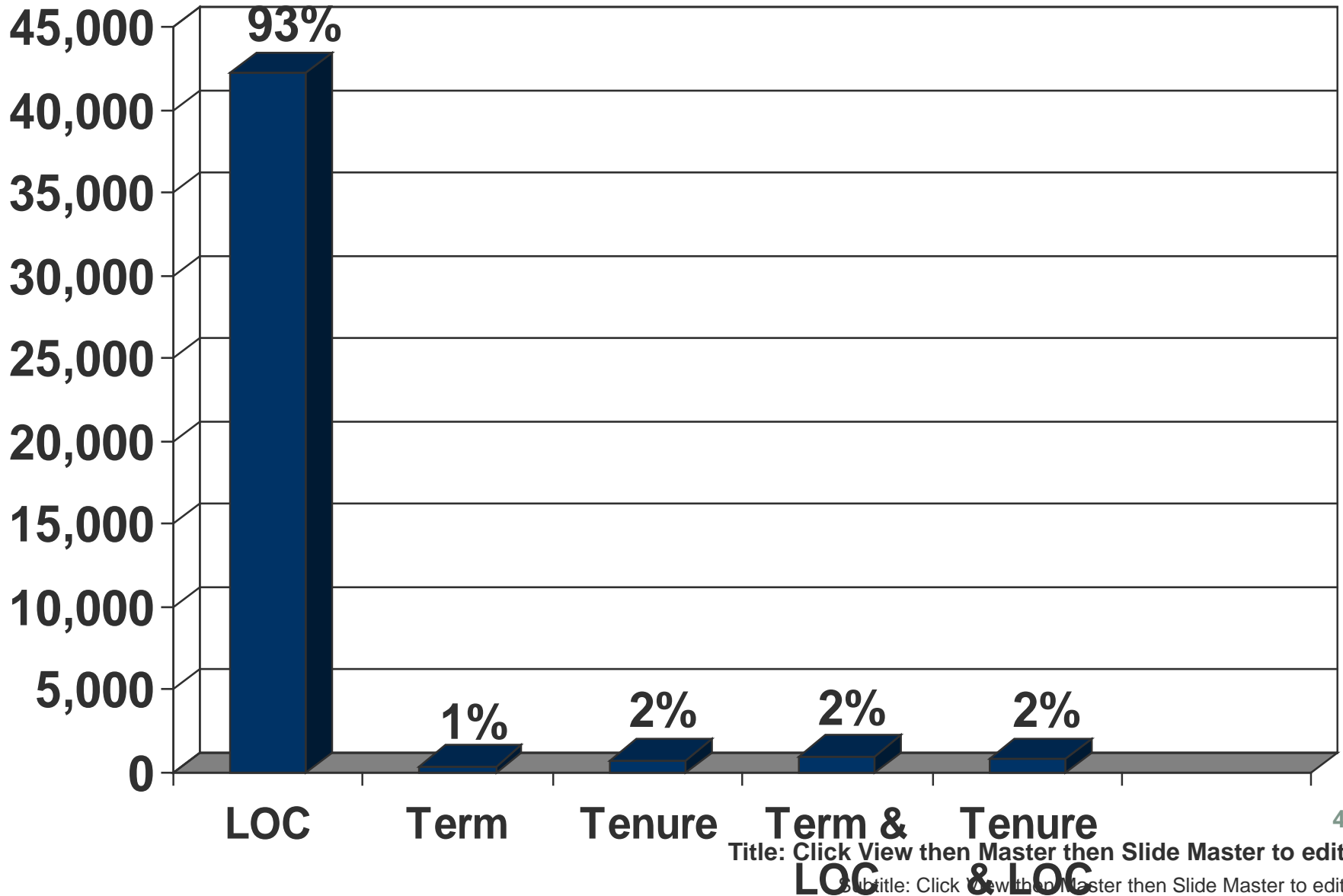


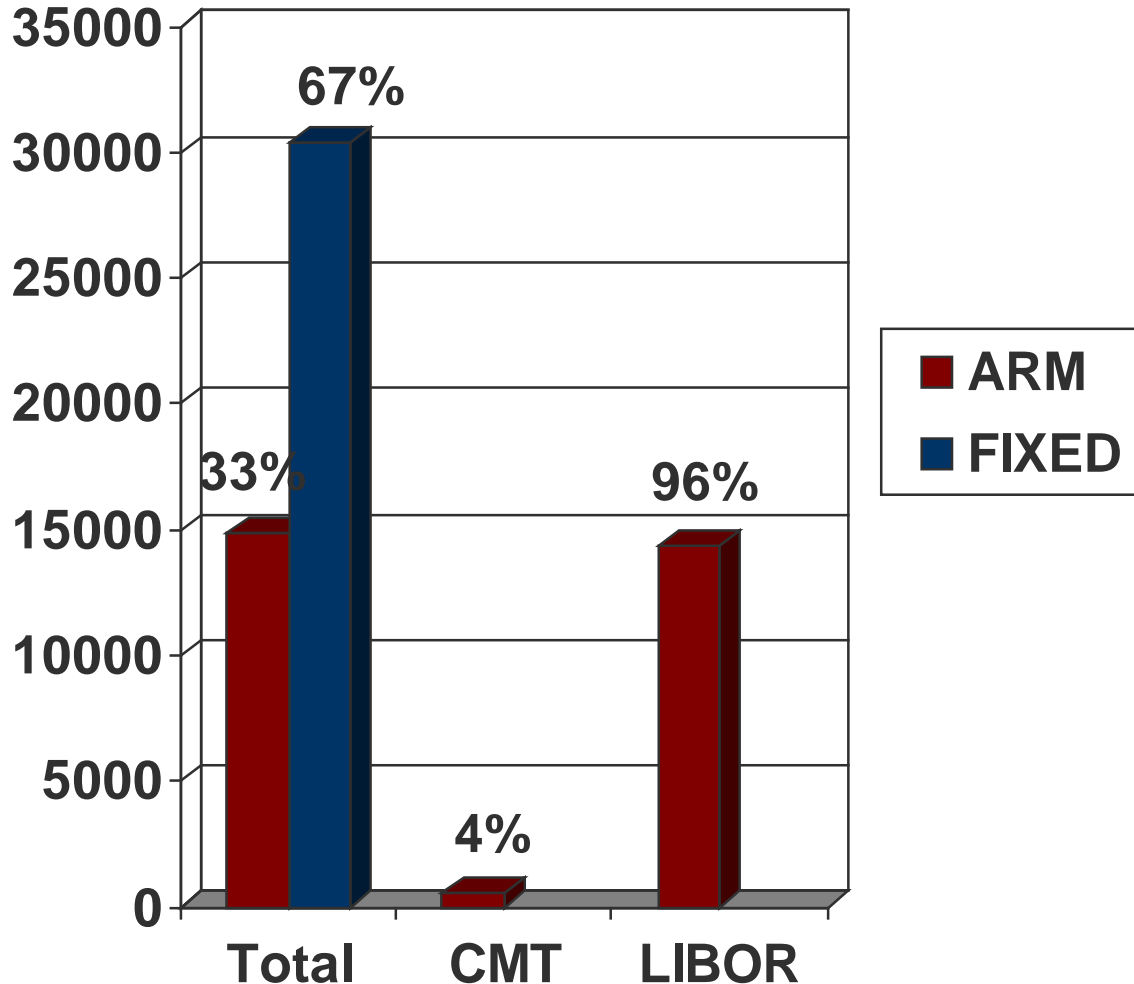
# HECM Stats

- 
- Average expected interest rate – **5.8%\***
  - Average property value – **\$291,800**
  - Average maximum claim amount – **\$276,400**
  - Average initial principal limit – **\$185,800**
  - Average borrower age – **73 years**

*\* includes lender's margin*

# FY 10 Payment Plans as of March 31, 2010





Of All ARMs  
96% use CMT rate  
4% use LIBOR rate

- Proposed Rule - HECM Financial Assessment
  - Lender evaluates borrowers ability to pay property charges and recurring living expenses.
  - Status: In Departmental Clearance
  - Next Steps: To OMB for review and approval
- ANPR – Solicitation of Comments on the Sale of Financial Products
  - Seeks public comments on the development of consumer protections and standards when financial products are obtained with a reverse mortgage.
  - Status: Completed Departmental Clearance
  - Next Steps: To OMB for review and approval

- Cooperative Share Loan Insurance
  - Announce the insuring cooperative housing share loans
  - Status: In Departmental Clearance - Rewrite
  - Next Steps: Publication
- HECM Submission of Case Binder Documents
  - Provides updated listing of pre-endorsement documents
  - Status: In Departmental Clearance
  - Next Steps: Publication

# Third Party Originators

- **Final Rule: Continuation of FHA Reform: Strengthening Risk Management through Responsible FHA-Approved Lenders**
- Effective Date: *May 20, 2010*
- Increases Net Worth Requirements for FHA-Approved Mortgagees and Eliminates FHA-Approval of Loan Correspondents
- Currently approved Loan Correspondents may:
  - Apply to become an FHA-Approved Mortgagee
    - Meet \$1 million net worth requirement
  - Serve as a Third Party Originator
  - Lose FHA-Approval on January 1, 2011

## Subject to Congressional Approval

- Upfront MIP - Remains at 2%
- Monthly MIP – Increases from .5% to 1.25%
- Principal Limit Factors - Reduced another 5%
- Budget Request - \$250 million appropriation