

**HUD Office of Housing Counseling
2021 Community Conference**

Addressing the Unique Requirements of the HECM Product

Wednesday, August 11, 2021

Sid Alvarado: Hello, everyone and welcome to "Addressing the Unique Requirements of the HECM Product." My name is Sid Alvarado. I'm with ICF, the TA provider. Before we get out session started, just a few logistical items I like to go over. For this particular session, you will be in listen-only mode.

We're going to be using two features here in Zoom. For the chat box, we're going to be asking for all participants to submit any technical issues that you may be having. For the Q&A box, that's where we are asking for participants to submit any content-related questions that you may have. Toward the end of the session on today, we will have an opportunity for those that are listening in to ask questions and that's where we'll be looking at questions and getting our questions from.

So make sure you use the Q&A box for that. Many of you have already had the wonderful opportunity of engaging with the conference and with other participants via Whova. So we encourage you to continue to do that. There may be even some questions for this particular session that you've already maybe thrown around in Whova.

So definitely continue to use Whova, it's a great engagement platform where you can network with other attendees who are attending the conference on today. Today we will have John Olmstead who will be facilitating this particular session. John is with -- is the senior housing program office with the Office of Policy and Grant Administration in HUD's Office of Housing Counseling.

Our presenters on today will be Kathy Conley who's the housing specialist with GreenPath, we have Steve Irwin, president of the National Reverse Mortgage Lenders Association, we have Kasey Watson, program director of HECM Servicing and we have Buz Zeman, the executive director, Housing Options Provided for the Elderly.

During today's session, we are going to be discussing HECM origination versus default housing counseling. We're also going to be talking about servicing updates, discussion with National Reverse Mortgage Lenders Association and HUD intermediaries, delivering HECM counseling agencies as well as we'll have some opportunity for Q&A as well.

Just to give you a little bit of background of what we're going to be talking about today. We are going to be discussing HECM origination counseling. This is where there's assistance to seniors through the process of determining if they're qualified for and obtaining a loan. Also, we're going to be talking about how counselors can cover required topics, including eligibility, loan amounts, loan amounts and future repayments and then HECM origination counseling and that certification process.

It's important to note that default counselors are not required to be HECM roster counselors. So we're going to be talking a little bit about default as well and touching on that. For counselors who want more information about HECM resources, you can find that on HUD Exchange. We provided the link here for you.

The resources, when you get to HUD Exchange, are categorized between origination and default. Under the origination tab, you can find resources, such as the handbook which governs reverse mortgage. You can also find HECM FAQs and partner agency resources. In the default counseling tab, you can find information on resources and educational opportunities.

So we encourage you to take the time to visit the page and get the information that you need related to HECM counseling. Now, in order to get our session underway, I am going to turn it over to Kasey Watson. She's the program director of HECM Servicing within HUD. Kasey.

Kasey Watson: Hi, everyone. Thank you all for having me today. I appreciate this opportunity to speak with you all. Again, my name is Kasey Watson. I am HUD's program director for HECM servicing. I work in HUD's Tulsa, Oklahoma office as part of [inaudible] center. I, along with my team, am responsible for overseeing the servicing of the insured HECM portfolio and we are directly responsible for servicing the secretary-held HECM portfolio.

I just want to take a few minutes here to start the session to share some of the servicing priorities that we have [inaudible] this fiscal year, share some updated logistics regarding the HECM portfolio that I think may be of some interest to you all as well as some resources to make sure that you all can get any further information that you may need.

I just want to start here just talking about some of our servicing priorities what we have been focused on in current fiscal year, which of course, is October. As you all may expect, the number one priority for everyone in the agency this year has been the COVID-19 recovery effort.

And just for the HECM portfolio, in particular, has [inaudible] several [inaudible], which were started back with the CARES Act and have continued and expanded from there that are available for HECM borrowers and we've also had a series of regulatory and directive waivers to provide additional flexibility for borrowers and servicers through the recovery period.

I think everyone should continue to keep an eye out for additional guidance coming out of HUD in this area, particularly around that -- those regulatory and directive waiver areas where HUD has the ability to move with a little bit more flexibility than some of the other options that are available.

Certainly, we know that that is a top priority for everyone, everyone inside the agency as well as our borrowers, their families and everyone out there who's working in this industry. So please know we -- everyone is aware and working on this issue and everyone should definitely keep an eye out in that space for some additional guidance coming out in the near future.

Another area that has certainly been an important topic that we have issued some new guidance on recently is [inaudible] nonborrowing spouses and HUD issued a mortgagee letter 2021-11, some expanded guidance and changes to the existing nonborrowing spouse deferral and low optional assignment -- optional election assignment that's available for nonborrowing spouses where the borrower had their HECM back before August 4, 2014.

And that new mortgagee letter eliminated the requirement for an eligible nonborrowing spouse to establish marketable title or other legal right to remain [inaudible] following the death of the borrower and it also added a new reason that a deferral could be entered into or that would cause a HECM to become ineligible for the moment and that was, of course, for cases where a borrower or spouse moves into a long-term healthcare facility for more than 12 consecutive months.

The first issue there that the mortgagee letter addressed with the eliminating the requirement for a nonborrowing spouse to establish marketable title or other legal right to remain in the property, of course, it also had a very short deadline, 90-day window following the death of the borrower prior to the elimination of that requirement and we heard from many borrower advocates, borrower, spouses and their heirs of the difficulty in meeting that and as we took a look at the likelihood of further court delays coming out of the COVID-19 delays that we've all experienced in the last year, we felt that that was one that the benefit was not sufficient -- the protections that it was offering to HUD were not sufficient to continue to require that.

So we're hopeful, but that will help a lot more nonborrowing spouses to be able to remain in the property where they've been living without having to worry about repaying that debt. And then the second item we felt also very much influenced by COVID-19 and as this is still [inaudible] with us now and no one really has a good understanding of what the long-term consequences will be.

We just don't know yet what health impacts will be. So we thought that this was another issue that really needed to be addressed now to ensure that if a borrower is forced to move from the mortgaged property and move into a long-term healthcare facility, to make those options available to that nonborrowing spouse and so that the nonborrowing spouse is not in a worse position than they would've been had their spouse passed away.

So that was the big nonborrowing spouse changes that were made in that mortgagee letter and again, we're very hopeful that those were changes that were helpful to nonborrowing spouses and are able to allow more nonborrowing spouses to receive those benefits and stay in that property without worrying about repayment at that time and just continuing to pay their property mortgages as well as occupy the property.

The next big focus is for me personally in my office has been incorporating HECM policy into the single-family housing Handbook 4000.1 and that is a top priority for the agency and it is a top priority for us at the NSC, in particular.

The draft document is currently being finalized and the next step will be for that to be published on HUD's drafting table for industry and other public feedback prior to publication and that handbook -- or incorporating the HECM section into the single-family housing policy handbook and that, of course, will be a big benefit, we think, to everyone as it will consolidate all of the disparate policy that exists currently for HECM into a single place and hopefully will help to clarify any questions that anyone had and give everyone a single source to look to for all HECM

servicing policy and origination, because in my office, we're developing the servicing section, but it will be both HECM origination and servicing.

We are also busy working on procuring a new secretary-held HECM servicing contractor. We are at the end of the term of the contract that's currently held by Novad Management Consulting.

So that procurement is underway and once award is made and the transition begins HUD will publish direction to the industry containing contact information for the contractor and make sure that we have all the information everyone needs to be able to continue servicing the HECM portfolio and reaching out to HUD on cases where that's needed, but that is moving, it is in progress and we are very excited about the progress that's being made on that front.

And then we also have -- of course, I know that it's been a big issue for everyone, but the expectation of the LIBOR index no longer being published or becoming unavailable as no longer reliable in mid-2023.

So HUD has, of course, issued new policy for the origination event and has stopped allowing new endorsements of things that are with HECMs that are tied to the LIBOR index and we are, of course, going to continue, as we move forward, to issue additional guidance for the transition away from LIBOR for the existing LIBOR-based HECMs.

With the [inaudible], we did feel like they gave us a little bit more time to be able to issue that guidance. We want to make sure that we're getting it right and the guidance that comes out is something that the industry is able to follow and that it's something that the borrowers and all of the borrower advocates and housing counselors to understand what's happening, why it's happening and why the secretary has given the direction that will be coming out.

So we expect that in the future, but certainly, that has been a top priority as we have all worked to work through this transition away from LIBOR.

Then the last update that I wanted to share with you all is just that the HERMIT system, which we use, of course, for all of our HECM servicing, is evolved in the origination process and all the way through claim filing, that we are always working to make updates to that system, to make servicing more efficient, to allow a better service to our borrowers and hopefully to reduce the burdens that are involved in this, because it is a high-touch program compared to some other loan products out there.

So while we still have a long way to go, we do feel like there have been some good improvements and we're hoping that our borrowers are feeling the [inaudible] improvements. And I did want to share just a few key statistics here about the HECM fiscal year that I think would be of interest to this group.

Please tell me if this is not the kind of information you're looking for, but I think that most of the time this is the kind of information that people are after. So the first [inaudible] looking at the endorsement volume, you can see here that we are running about similar to where we were last year, maybe a little ahead for the time of year that we're at, but that is where we are right now.

We've had [inaudible] through June 30, 2021. There were 37,045 HECM endorsements. So definitely an improvement from where we were at our lower points, but definitely good for -- we were glad to see at least a little bit of improvement so far this fiscal year. And then this here is the -- just a number of assignment requests that are coming in.

So ones that have reached 98 percent of the maxed claim amount or higher, the ones still [inaudible] in good standing in a service or chooses to assign those loans to the secretary. So far we are getting -- you know, the overall numbers are -- have been mostly steady this year, but we are definitely on a downward trend from our high point just a couple of years ago.

You can see here this chart shows it much more clearer, but we believe we have gone past the spike in HECM assignments that was related [inaudible] 2008, 2010 to 2012-ish years where there were a lot of HECM endorsements and for the most part, we have moved past that.

We do expect assignments to stay roughly where they are now for the next two to three years, but we -- in my office directly where we're working on those assignments, we are certainly seeing a difference there and think it's interesting to see how that change is happening. It did come down a little quicker than what was expected, but you can see there from the overall trend, we are stabilizing back to where we think we'll be for several years now.

And then the last piece of data here I wanted to share with you all is that this is just the growth in the secretary-held HECM portfolio. You can see that just a few years ago there were such a small, small number of loans there in that portfolio and it has now grown, we're up over 150,000 HECMs.

As of June 30, 2021, we were at 156,911 secretary-held HECMs. So definitely that portfolio is much, much larger than it was just a short while ago and I always think it's interesting to see how that portfolio size is changing over time. And then the last piece of information I want to share with you all is just some contact information so you can make sure you can reach out to us anytime you need to.

You can call the FHA Resource Center at 1-800-CALLFHA and any questions that are HECM related that they're unable to provide a response to immediately is escalated to me and my team so we can make sure that we are getting someone back to you and we can assist you with whatever questions or issues that you're having.

And that is what I wanted to share with you all here today. I appreciate very much you guys having me here and John, I will turn this back over to you.

John Olmstead: Thank you, Kasey and I really appreciate you joining us today. I know how hectic things are in the National Servicing Center, particularly on the HECM side and having your insight and availability for questions is a fantastic addition to this panel and to the conference in general.

So I appreciate the time that you've taken to come here. I'm excited about today's discussion and working with our panel today. We've got a great panel, both on the lending side covering origination and servicing with Steve at the National Reverse Mortgage Lenders Association and then two great counseling entities and Kathy Conley is joining us and also Buz Zeman from the HOPE Network.

So I think we're going to have a great discussion this afternoon. I want to just cover a little bit of kind of the points we're going to make in this discussion. We're pivoting a little bit towards talking about both at the origination side of HECM counseling and the post-origination after the honeymoon period is over and the loan has gone forward and suddenly folks are starting to have challenges with their HECM in keeping it and impacts on property.

Our discussion and my questions today is going to be mostly around what can we do to better prepare the clients at the origination stage for those types of challenges that cause a HECM to go into default or have issues and we're going to ask those -- I'm going to ask those questions of both of my counseling partners and of our lending partner to stage representation. So I'm looking forward to that.

A couple of questions did come up in the previous session that a lot of folks listen to regarding the status of the HECM handbook. Now, Kasey talked about the status of the single-family underwriting aspect of the handbook and where that's at.

On the counseling side, for many who were in that conference segment, we had heard Brian Siebenlist mention that we're also working on the Housing Counseling Handbook which includes, as the counseling community and the lending community know, chapter four, the primary HECM talks primarily exclusively about HECM counseling and requirements and that's supplemented by appendix for the handbook, which is most people commonly refer to it as the HECM protocol, which expands and clarifies a lot of the requirements in chapter four and that's in that same process that Brian talked about.

We're -- we've gone through all internal OHC, reviews and workloads on that and received great impact from our partners out in the field, the counseling community, the lending community and certainly incorporated a lot of the great feedback we had into what we're putting forward which will go into internal clearance.

So that answers one of those questions. And then the second great question to come up was where there was a question about whether we're looking at the three-year retesting requirement for those reverse mortgage counselors that pass the certification exam but also have to turn around maybe and take that -- the HECM exam every three years.

It is an area that we are talking about extensively within the Office of Housing Counseling. The current -- Currently, the three-year retesting and the two-year biannual education is a statutory requirement and any changes there would require -- or I should say regulatory. I misspoke when I said statutory, but it's a regulatory requirement.

And we would have to develop and push through regulatory changes for consideration of either extending the period or in light of certification, whether it's something that we want to take a harder look at and think about whether we need to continue to have that particular piece, but it is under discussion.

Right now the three-year HECM retesting requirement is still in place as well as the two-year continuing education requirement. So we can expect to keep that.

What I am excited about is for the HECM counselors, they had to pass the certification testing requirements and that really raises, in my mind, the level of professionalism that our HECM counselors have now and I think it's -- while a challenging piece, and we certainly heard from those who wonder why they needed to go through it, I think the long-term benefits from it will speak for themselves, maybe not right now, but as we go forward in the industry.

So I just wanted to quickly address that. So without further ado, if my panel members would like to come on, I'd like to start our first kind of -- ask some questions here. You know, as I pointed out, what I'm going to be doing is talking about HECM default, both at the origination level and then what we're doing afterwards.

We know that the stream of HECM default counseling requests has slowed down considerably over the last year during the pandemic due to a lot of the stuff that Kasey talked about in her presentation, but I look at that as just water collecting behind the dam and eventually the water is going to start to flow again and we need to be in the best position possible.

So this question I'm going to ask all of our panelists and I'll start with -- go with Kathy on the first one. I would like to have all our panelists share ideas on what can be done to better emphasize those aspects of a HECM in a counseling session that cause a default and I'm talking about the origination session.

In my mind, I think that those are more critical than talking about things that cause default and what possible remedies are and what to look out for and the warnings are more important than sometimes talking about the numbers that the lender provided you and things of that nature. So that's my question there.

You know, what can we do -- what are you currently doing and what are your ideas to improve the discussion around those features that can cause a HECM to default at the initial origination counseling educational session? So Kathy, I'd like to turn it over to you.

Kathy Conley: Thank you, John. GreenPath provides the education session as well as the HECM default counseling. And so in that education session, we talk about the what, what constitutes a default when they have them on a HECM mortgage, which is the requirement, but we also then talk about the why.

What are the circumstances that people encounter that then lead them to default on that HECM mortgage and then discuss how, if that occurs with them, they can weather that to be able to

maintain their financial wellness and also comply with their requirements, their responsibilities as a HECM borrower?

So we're trying to put them -- have them put themselves in that situation and how they would then handle that, what they would do. So that gives them an idea of what to do with the funds that they're receiving from the HECM mortgage and maybe having -- needing to keep some of those in store and accessible for some contingencies.

That's what we're doing right now and then in terms of moving forward and what else we could do, the -- I hesitate to say adding something to the pre-counseling education materials, because they're pretty heavy now. There's about 46 pages -- 40-plus pages of material that potential borrowers need to review and absorb even before they talk to a counselor.

But if the default situation and the what, the why, the how could be discussed at the origination maybe with lenders certainly during that education session and then also potential borrowers being told about the resources and the counseling available after closing, that would be important. I think that would be helpful.

John Olmstead: Thank you, Kathy. Buz, I'd be interested to hear what your experience has been in that area and how your network and what you know the industry is doing to better emphasize that aspect at the origination stage of -- you know, the initial education and origination counseling session.

Buz Zeman: Sure. Of course, the protocol tells us to discuss these issues as to what will cause a default. It's basically the big ones are not being -- not keeping up with the taxes or insurance. Those are the things that could cause a loan to go into default. You know, for any kind of counseling, I think it's really important to ask questions of the borrower to make sure they've understood what we've said.

It's so easy to go on a roll, especially when you've done this 100 times, and just describe the requirements of the loan, but you -- but to do our job, I think we have to test the client's understanding. So explain something and then ask a question that will help the client express to the counselor exactly that they've understood it.

Not always so easy to do, especially because clients aren't always really tuned in on the details of the HECM counseling. You know, at the beginning, you don't tend to have many problems, but as time goes on, especially if you're not able to keep up with the taxes on the loan, that you could run into problems.

So talking about these issues. We've got lots of -- actually, the protocol coaches us to ask very specific questions to test understanding, but just to ask more questions that aren't even in that script, I think, is really helpful.

John Olmstead: Thank you, Buz. Steve, I'd be interested in your perspective on that from both on the industry side, particularly at what the industry may be doing at that -- when they sit down and meet with a client and get the process rolling and right up front I think we basically

understand that most clients come to counseling after they've already had some type of initial contact with a lender and stuff like that and that's kind of a reality of what's out there.

So we see the lending industry could be a valuable partner in not only are they talking about the sales pitch side of the HECM but the -- you know, look, if you're going to go forward with this, here's some of the critical things you need to keep in mind.

Steve Irwin: Sure. Thanks John. And thank you for having me here today, I really appreciate it. This has been a wonderful event here. Before I get to that, I think it's pretty important -- very important to note and for us all to understand that financial assessment is working. The financial assessment of HECM applicants is in its seventh year and from the analysis done by the analytics team at New View Advisors.

We see the tax and insurance defaults prior to this serious economic downturn caused by the pandemic had been reduced by 75 percent and serious defaults were down by two-thirds. So we are looking a default rate of about 1.1 percent and a serious delinquency and defaults, meaning heading to foreclosure, of just under 2.2 percent, which behind each of the --

So the financial assessment is indeed working and it's critical that that remain in place and be bolstered and supported by the counseling community, but that being said, there are -- there's always an opportunity enhance the discussion on the borrower's right and responsibilities and obligations throughout the life of the loan.

I agree, John, with the sentiment that you've expressed that maybe a shift from current discussions on rates and terms, which is probably a [inaudible] licensable activity anyway, be considered. I mean, borrowers need to know proceeds and they do need to chop, but a focus on rights and responsibilities is critical and what their obligations are during the counseling session.

I would point that NRMLA, on its website, has a couple of wonderful resources. We have a couple of guides that are available to everybody. It's -- they're at nrmlaonline.org. We have a very robust guide, which you can't see because my camera's blurred, but it's called what you need to know about your HECM after closing and this robust guide offers -- it covers occupancy issues, property charges, lifetime expectancy set asides, what is an event default, resolving default, etc.

And we also have a guide called what do I do when my loan is due and that steps people through what are default events and what causes those and what are the steps happening there and how the borrower can work with a servicer to resolve those issues. I would -- and I encourage counselors to take advantage of these guides.

They're available for people to download. Again, they're in the resource section of our website. But I also think the counseling community can point to other guides. The CFPB has recently published a very robust know your rights and responsibilities, which steps through the terms of the HECM loans and these are things that people can have at the ready if they ever face themselves with an issue regarding their HECM and become delinquent and need help and assistance.

I think upfront -- and I would be interested in what Kathy and Buz think and what you think about this, John, but if we could encourage borrowers or applicants through their process to identify an authorized contact, which would be somebody that a servicer could reach out to who is authorized to discuss the issues with a loan, and maybe get a financial advisor or family or somebody within the estate to help guide through any concerns.

Sometimes when the first notice of a delinquency occurs, the borrower themselves feel like they're facing an adversarial situation. So if we could have an authorized contact who could help with the servicer to establish a repayment plan or find other benefits that may be available, that probably would be helpful in that regard also.

John Olmstead: Thank you, Steve. You know, my kind of second follow-up question for the panel, and Kathy, you talked a little bit about some reluctance on already-overwhelming client with a 40-page upfront package and everything, I think that the encouragement I would make for all of us is sometimes the placement of the material is as important as it being there and I'm wondering if people have thoughts about maybe more that this is what triggers a default, here's where some of the resources that we know are -- know of.

And Steve, I want to segue to your point, bring -- reiterate a point you made, one of the challenges in -- with these clients we know is that they do not necessarily react at the earliest possible moment when they're notified that the problem exists and they don't get put in touch with Kathy and Buz's organizations and other ones out there that they provide that.

We know that on the origination side, there's prohibitions against directing clients to specific counselors, but that same prohibition doesn't exist on the default side and I think there's some common ground there where both the counselors and the lending industry can come together to better connect, as you suggest, that client who's potentially in trouble with the kinds of services they may need.

So we'll finish up with this question before we move on to kind of more of a service-orientated one, but Kathy or Buz, do you have any thoughts on how you structure your material and whether there's room for reevaluating a placement and emphasis of stuff?

Kathy Conley: John, as I mentioned, we talk a lot about within the education session one of the things that GreenPath has been talking about and has raised [inaudible] the need for a post-closing counseling session, that two to three months after closing up to a year afterwards they have a counseling session where we're now reviewing the finances and the changes that have occurred now after you've gotten the second loan and being able to reiterate concretely compared to their circumstances right now, how is this working, let's review what are defaults and what you would do in each one of these circumstances and making sure that the counseling agency is set up as a resource to contact sooner rather than later.

Buz Zeman: Unfortunately, we don't get the requests for help with the defaults until typically a little bit late in the process. And so we don't have -- you know, I welcome the notion, Kathy, of

doing some kind of follow-up session to help people or remind people of what they may have been well told in the original session, but it's easy to forget it.

You know, so often it's years before people have a problem. How do people -- how could they possibly remember what they were told from a long, long time ago? So yeah, I'd welcome that notion that we might do some kind of counseling.

Now, we do do a follow-up. In our case, it's anywhere from 30 to 90 days after the counseling session and we do get some questions like that dealt with then, but I must admit, it's not always easy to get the clients even to respond to that follow-up survey. We do a written survey, we also do a phone call and at that point, clients just aren't typically interested.

So it's hard to engage them at the time, because we don't know what the time is they're going to have a problem.

John Olmstead: Buz, I wonder if there's an opportunity for the HECM servicers, maybe in the first cycle of statements that go to the borrower, to give them a nudge, to follow up, please be reminded you should check back in with your counselor, your follow-up session is coming up. I think any sort of nudge and reminder that servicers do give regarding obligations on the loan and nudges and reminders about counseling would be effective, I think.

Buz Zeman: Yeah. It couldn't hurt at all and we get some of those calls, client initiated, and I think sometimes even lenders pushing people in our directions, but not very many. And so something in the industry to suggest to lenders that that -- or servicers, rather, that that might be a helpful thing. You know, we -- I -- we welcome those calls and oftentimes it can be pretty brief and just by the nature of the questions by the clients.

You often can readily understand the -- their disorientation from some of the more -- the lender letters that they get aren't always easy for them to decipher. Of course, what they should do is call the lender and ask questions, but they don't always do that.

Steve Irwin: Well, I think that we have actually been talking to the CFPB, I think there's opportunity throughout the HECM process to get more plain language material into a borrower's hands and I think there's -- you're right, Buz, the statement is probably an area where the biggest opportunity is.

John Olmstead: Segueing into another opportunity here -- and actually, Steve, you and I know that for several years we've tried to facilitate a semi-annual, maybe three times a year kind of gathering with the servicing lender community and the HECM default counseling community, maybe not as a session to talk about John's loan is in default, what can we do to fix it, but talk about the broader holistic topics of what can we do to better communicate with each other in a way that gets clients the services and either helps them carry the default or as Buz says, sometimes it's delay here, talking about soft landings and stuff?

What does the panel see for opportunities for that in the next six months to a year or so? And do you see value in it?

Kathy Conley: This is Kathy. I think GreenPath would welcome that, to start that discussion, because I think that would help, because every stakeholder within this HECM process needs to be able to have the same consistent message at every level that that borrower touches.

Steve Irwin: I know that our members, John, would welcome and jump at the opportunity. We got very, very close to getting that happening and then COVID kind of took the wind out of everybody's sails and a lot of pivoting and redirecting, but I just think that sharing experience, walking through requirements and working towards moving this program forward and better understanding, there's nothing but positive can come of that. We'd welcome the opportunity to participate.

Buz Zeman: A predictable problem time is the death of a spouse. So that should be anticipated in the original counseling, what are you going to do or anticipate and it's so hard for clients to entertain this notion of the death of a spouse when you're being counseled at age 62, but it's going to be a crisis time.

So what -- I think it helps orient our original discussion about -- in the counseling to help people think that through. Also, for counselors to realize we -- closing alone is not the goal here. The goal of our counseling is to help people understand this so they can make their own good decision about if and when to do a reverse mortgage counseling.

I know we've -- I've had couples decide right in the counseling session, you know what, maybe we need to reserve this for a time when my spouse might be alone, and so we won't do the reverse mortgage right now, we might do it later.

That's a successful insight and a successful outcome for counseling a client and -- but I don't know what can be done, but when the spouse dies, there is a big change in the income into that household and not all people -- not all spouses are going to understand even how to do the social security.

The higher the two social securities stays, the lower of the two goes away and for many people, they've adjusted their budgets and so forth to enable the spouse to continue in that home, but for many, it's a crisis time. So how to get people to contact -- to think about it ahead of time and then to contact us when that inevitable crisis is occurring.

You know, there's so many other things going on besides the HECM when a spouse has died -- the spouse goes.

Steve Irwin: You're absolutely right, Buz, and that may be an opportunity to create a standby line of credit in advance to absorb that. So every situation is unique and that's why we appreciate the counselors helping inquirers about stepping through how this works and what may work for their situations.

John Olmstead: We're kind of moving into our -- to the end here, but I want to throw one last thing out there for discussion and it's a non-HECM one.

We know that the reemergence of the proprietary type reverse mortgage products have -- you know, is back in the market and certainly, HUD has no regulatory -- doesn't want to take regulatory authority over it, but we would still like to understand maybe what the counseling community and the lenders see as some common ground as a business area that you see wanting to move into to help support your operations and also provide these clients would guidance and recognizing that with proprietary products.

The counseling requirements and the requirements of the mortgage are all set by the lender who initiates the action and everything, but if we could take like one minute each on that and then we'll go to questions and answers, if that's all right with you, Sid.

Sid Alvarado: We have about two minutes to do that that we can get to the questions and answers.

Steve Irwin: I think John, if we could, as part of a gathering and include the discussion of non-FHA-insured reverse mortgage products with the counseling community, that would be of a great benefit.

John Olmstead: Kathy and Buz, where do you see your respective organizations in the HECM -- and the counselors in general and possibly considering providing that kind of service as well?

Kathy Conley: GreenPath provides reverse mortgage counseling for six different proprietary products right now as well as the HECM. HECM is by far the most volume that we do in terms of reverse mortgage counseling. The funders for the proprietary products do provide an outline of -- much like what the HECM protocol is of the aspects of that particular mortgage and we counsel along those same lines.

So we incorporate the questions of understanding, we incorporate the discussion of defaulting and what to do, why -- what are common reasons that people default and how to avoid those. So we're already doing the proprietary counseling right now.

John Olmstead: Any thoughts --

Buz Zeman: We get very few requests for the proprietary counseling. And so just not that involved with it. So I'm sure the lenders refer people to counselors that work with this. The only product we're helping with now is the Equity Elite product and frankly, although I approached a lot of proprietary lenders, got almost no response in terms of what their -- whether they wanted us to counsel about those or not.

But most of the -- 90-some percent of the people that call are interested in the HECM and not the proprietary product.

John Olmstead: Thank you, Buz. Sid, I'm going to turn it over to you for questions and answers.

Sid Alvarado: Okay. Thank you, John. There's definitely a lot of buzz going on in the Q&A box. So quite a few questions have come through. The first question is, is there a breakdown that counselors can view where it shows how HECMs are distributed state by state? This may help agency to determine if HECM certification would be advantageous.

Steve Irwin: I don't know about a public posting of that data, but I believe that person was from Ohio and we just recently met with Senator Brown from Ohio on the HECM program. There have been over 20,000 HECMs originated in Ohio and there is certainly interest in this program from coast to coast. So we'll just leave it at that for now.

Sid Alvarado: Okay. Thank you, Steve. There are a few questions as far as training goes, some of them is on the initial preparation training and then there's some questions about continuing education. So the first question is, which type of training is available for counselors preparing for the HECM exam?

John Olmstead: I'll take that question. Right now very -- you know, a lot of the training partners that Jerry Maher [ph] talked about in some of the other sessions are predominant providers of HECM training courses. You know, certainly, Naval Works [ph] is probably the largest in the country. Many of our counseling agencies, such as GreenPath and Buz's organization do a lot of internal training and preparation for it, which we've worked to accept.

And we also accept a number of the NRMLA courses that their lending community utilizes has continuing education credits and in preparation for the training for taking the test and everything. The current HECM exam site has practice exams and study guides and other materials like that. So that's where that -- a lot of that material is available.

I have to acknowledge that there is some challenges on the continuing education side, because many times the availability of courses through our training partners is not as large and robust as we'd like to see. One of the reasons why, several years ago we reached out to NRMLA and started the process with them to include some of their training.

Certainly, a lot of the HECM servicing courses that Kasey's organization down at the National Servicing Center provides are acceptable for continuing education. The key is it needs to be relatable to either HECM default or HECM origination and counseling in general. We've also been very aggressive about --

For those counselors who studied for -- took courses to study in preparation for the certification exam, we've accepted those as meeting the continuing education requirements too, because we see such value in that certification process that it's strengthening the HECM community. So that's part of the answer on that.

It's not ideal yet, but it is certainly a goal of the HECM -- [inaudible] housing counseling HECM team to look at better ways to get more of those resources out there. We certainly encourage any industry partner who wants to propose a course. Our HECM Exchange site has a methodology where they can put together a course, submit it to us for review and approval and it can be used.

You can use it internally. We also encourage if you're doing a course internal within your organizations to maybe open it up to other counseling entities out there too to help them, a little fee here and there to cover some of your cost isn't necessarily -- could be beneficially ultimately to everybody. So I don't know [inaudible], but I think it goes a long ways.

Buz Zeman: John, the HECM exam site you mentioned is actually excellent and will be sufficient for most counselors, I would think, to learn the materials well enough to pass the exam.

John Olmstead: Thank you, Buz.

Sid Alvarado: And I think we have time for one more question. Are there some resources for links that agencies can include on their website, maybe even some of those that were mentioned during this session?

John Olmstead: Well, Steve mentioned there's -- and I would reiterate, certainly, the CFPB site links, the HUD Exchange has some of those links already on it. You know, I would link up with the NRMLA site, because that tells kind of a lot of that stuff that the industry is doing out there, recognizing that they're in the business of originating and closing loans and it's a business, but it's great information for counselors and resources that are out there.

Linking to the other sites at the state and local level, too, for resources outside of HECM. There's a lot of state and local resources. The Benefits Checkup tool is still available on a modified version from the National Council on Aging and that can direct you to some state resources based on your zip code and things of that nature.

Steve Irwin: John, if I may, we would encourage that and I would also hope that people could include the National Council on State Housing Finance Agencies. Homeowner assistance funds programs are rolling out. As you all know, treasury has provided funding to states to help resolve mortgage delinquencies and that help includes reverse mortgage [inaudible].

And so there is an opportunity for any HECM borrower who may be struggling to work with their servicer to help get guided to the application process for those homeowner assistance funds. So National Council of State Housing Finance Agencies will be another good resource for state by state opportunities for help for people who may need it.

Sid Alvarado: Thank you, Steve. Thank you so much, John, for facilitating such a great and informative session. Thank you for joining us today, Kathy, Steve, Kasey and Buz. We really appreciate it. We know that everyone that's listening found the information that you provided to be very valuable.

Just a reminder to the attendees that this is the second session of the day. There is one more session that will be coming up right after that -- right after this one. That's Partnerships that Support Community-Based Housing Counseling. So we hope that you would be joining us for that session that is coming up next.

If you have any questions after this session, even beyond the conference, don't hesitate to visit HUD Exchange to get some of those resources that John as well as others mentioned and you can also email with any questions that you may have. Thank you, once again, for being with us for this session and we look forward to you joining us for future sessions.

John Olmstead: Thanks to everybody and have a great rest of the afternoon and for those out there in the audience, please come back for the later session, we look forward to having you join us.

(END)