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February 27, 2018

Aging Committee  
State Capitol Building, Room 011  
Hartford, CT 06106

Re: Connecticut S.B 150

Honorable Chairs: Senator McCrory, Senator Kelly, Representative Serra  
Vice co-chair: Senator Gomes, Senator Hwang, Representative Rovero  
Ranking Member: Representative Byron, And to the esteemed members of the committee

I write this letter on behalf of the National Reverse Mortgage Lenders Association ("NRMLA") to provide you with background information in reference to Connecticut Senate Bill 150.

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. NRMLA members make over 90% of the reverse mortgages originated today.

As you are aware, a reverse mortgage is a loan secured by the value of a consumer's home. A reverse mortgage loan is never required to be repaid until the borrower ceases to occupy the home as a principal dwelling, or the borrower defaults under the loan and does not cure the default. Rather, a reverse mortgage allows a borrower to turn equity in the home into cash without having to move or make monthly mortgage payments. Eligible seniors may use the proceeds from a reverse mortgage loan to, among other things, supplement retirement income and/or make repairs and/or improvements to their homes. A reverse mortgage may be a critical financial "safety net" to seniors in this current economic environment.

Under the most prevalent reverse mortgage program on the market today, the FHA-insured HECM program, there are counseling independence requirements that prohibit lenders from steering borrowers to a particular counselor or paying for counseling.

All seniors wishing to obtain a HECM reverse mortgage **must** be counseled by a counseling agency approved by HUD. The counseling agency also **must** follow robust HUD reverse mortgage counseling guidelines and protocols.

Lenders under the FHA HECM program **must** provide prospective senior applicants with a list of HECM counseling agencies. Certain national and regional intermediaries **must** always be included on the list. In addition, the list **must** include at least five agencies within the local area, state or both of the prospective applicant, and one of the local agencies should be located within a reasonable driving distance for the purpose of in-person counseling if the senior *chooses* to undertake in-person counseling. With the HECM program, lenders are limited in taking and processing a full and complete loan application until the prospective applicant has gone through counseling and presents a counseling certificate to the lender.

**Under the FHA-insured HECM program, neither in-person counseling nor in-person origination is required. In addition, lenders are prohibited by federal statute from paying for a borrower's HECM counseling, or signing the counseling certificate.**

I trust that you will find this background information useful as you consider Connecticut Senate Bill 150. I would welcome any questions or concerns you may have regarding this information.

Respectfully submitted,



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