

Reverse Mortgage and Compliance Concerns

When considering the Baby Boomer demographics, access to home equity could be a key component within a 30 year or longer retirement-funding plan. We understand however that a compliance department is responsible for managing risks to their company and clients, and have the final say as to whether or not their advisors may engage in a conversation about home equity. To that end, I have a few thoughts for a compliance department to consider:

1. We are looking for an opportunity to educate your advisors as to the features of a reverse mortgage so they can have a basic knowledge of the product and be aware of situations where a reverse may make sense.
2. We are looking for a professional relationship with your advisors, much like they have with a CPA, Attorney, or any other professional whose services they incorporate in the planning / management process of your clients.
3. We do not advocate reverse mortgage proceeds as a funding source for investments.
4. We do view reverse mortgages as an opportunity to help manage risks that could impact the longevity of a retirement funding plan. For example, with the growing line of credit feature, only available with a reverse mortgage, a client could have access to an ever increasing source of capital that could be used:
 - As an alternative funding source when investments are underperforming (manage sequence of returns risk)
 - To self-fund long term care expenses.
 - To help pay pre-existing insurance premiums that maybe straining household cash flow.
 - To delay tax-advantaged distributions, preserve low cost-basis assets, and other tax strategies.
 - To delay social security, or simply eliminate a mortgage payment, both of which could help household cash flow and keep safe investment withdrawal strategies in place.

Key Consideration: No one can get a Reverse Mortgage, either FHA approved or proprietary, without completing an intense counseling session through an independent, HUD approved agency. These individual sessions can last an hour or longer, and the counselor is responsible to insure the borrower understands all terms, conditions, features and obligations of the loan. The counselor also has the right to deny loan approval if they do not feel the potential borrower is fully informed and aware of what they are doing. This is a key component in the risk management consideration for not only the advising firm, but also the lender as well.

Who We Are: Finance of America Reverse is the largest wholesale reverse mortgage lender in the country for the most recent 8 years. During that time we have trained hundreds of financial advisors and loan originators on the responsible and ethical use of home equity accessed through a reverse mortgage. We would welcome the opportunity to have further discussions with your company regarding this. In addition, we teach a 2 CE CFP approved course titled: **Reverse Mortgages as Part of a Comprehensive Retirement Plan.** The class is for Financial Advisors only, and can be taught via webinar, or a live, in-office presentation.

Thank you for your consideration.

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