Testimony

of

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before the

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House Financial Services Committee

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2128 Rayburn House Office Building
Madam Chairwoman and Members of the Subcommittee:

Thank you for convening this hearing to look into the important issue of Federal Housing Administration’s (FHA’s) Home Equity Conversion Mortgages and their role in helping to fund longevity for America’s seniors. I am here today in my capacity as President & CEO of the National Reverse Mortgage Lenders Association (NRMLA), a trade association of over 300 companies involved in the origination, funding and servicing of reverse mortgages. Our organization has been serving the reverse mortgage industry as a policy advocate and educational resource since 1997. It also provides information about reverse mortgages to consumers and members of the press.

NRMLA member companies are responsible for over 90% of the reverse mortgages made in the United States. All NRMLA member companies commit themselves to our Code of Ethics & Professional Responsibility. A core value of our organization is our commitment to independent third-party counseling as an integral part of the reverse mortgage origination process.

This Subcommittee, including members from both sides of the aisle, has been consistently sensitive to reverse mortgage issues and has continually taken steps to improve and enhance FHA’s Home Equity Conversion Mortgage (HECM) program. For that, we are very appreciative, as are the three-quarters of a million senior households who have utilized the HECM program since its inception. At the present time, there are approximately 578,000 senior households utilizing HECMs to help meet their financial needs.

The issues surrounding reverse mortgages bring several key questions into consideration.

The most striking is simply: how do we finance our longevity? With life carrying on for decades beyond our earning years, we must manage assets and resources to sustain ourselves longer. This requires the strategic use of home equity as a means of financial support.

Housing wealth, the equity accumulated in a home, to many American families, represents the largest component of personal wealth. Typical retiree households might have one or two incomes from Social Security, a modest pension and/or limited income from low-yielding fixed-income instruments, and, perhaps, a diminished 401(k) account. The equity they have built up in their home is often, by far, their greatest asset, an important resource for funding their future.

Congress recognized this when initially authorizing the HECM program as part of the Housing & Community Development Act of 1987, signed into law by President Ronald Reagan.

Before moving on to a discussion of current issues, I would like to provide an overview of the program’s history.
A Brief History of the HECM Program

The development and implementation of the Home Equity Conversion Mortgage program was a deliberate and thoughtful process.

The first reverse mortgage loan is generally thought to have been made privately in 1961 by Nelson Haynes of Deering Savings & Loan in Portland, Maine to a widow named Nellie Young. Over the next 20 years, various studies and surveys were conducted to explore the viability of such a product, most notably those by Yung-Ping Chen of UCLA and Jack Guttentag of The Wharton School and largely driven by Ken Scholen, then working with the Wisconsin Board on Aging, who wrote three books on the subject.

In 1980, the concept was first presented to the Federal government by Scholen who received funding from the Administration on Aging for a Home Equity Conversion project. The following year, the White House Conference on Aging, attended by leaders of organizations serving the senior sector, endorsed the creation of a Federal Housing Administration mortgage insurance program for reverse mortgage loans. It was another nine years before the first FHA-insured reverse mortgage was issued. During this time more studies and hearings on the viability and need for such a program continued both in Washington and in many states.

In 1983, the Senate approved a proposal by Senator John Heinz, (R-PA) for the creation of FHA insurance for reverse mortgages and a Senate/House conference committee called for a Department of Housing and Urban Development study of the idea. In 1985, HUD held a conference on the subject, but when they issued their study in 1986, it opposed a federal reverse mortgage demonstration program. The following year, AARP offered a critique of HUD’s decision, written by Scholen. And then in 1987, in the 100th Congress’ mammoth Housing and Community Development Act, the HUD Secretary was directed to conduct a demonstration program for insuring reverse mortgages. President Reagan signed the act into law.

The National Housing Act of 1987, Section 255 outlined the specifics of the demonstration program. The purpose of the program was “to meet the special needs of elderly homeowners by reducing the effect of the economic hardship caused by increasing costs of meeting health, housing and subsistence needs at a time of reduced income, through insurance of home equity conversion mortgages to permit the conversion of a portion of accumulated home equity into liquid assets.” Among the requirements contained in the original statute were:

- Adequate third party counseling including explaining other financial options;
- A fixed or variable interest rate or future sharing between the mortgagor and the mortgagee of the appreciation in value of the property, as agreed upon by the mortgagor and the mortgagee;
• A list of disclosures to be delivered at least 10 days before closing;
• A guarantee to borrowers that they would be protected against disappearance of their lender and obligations beyond the value of their home at sale by the General Insurance Fund;
• Scheduled reports to Congress.

To create the new product, HUD created a development team under the auspices of Judith V. May. The team was led by economist and mathematician Ed Szymanoski, Jr., who at the time ran the annual actuarial review of HUD’s home mortgage insurance fund, and included Patrick Quinton, Donald Alexander and Mary Kay Roma. They had no model to work from. So they built a simulation model to analyze the actuarial risks the FHA insurance fund would be exposed to under various scenarios. As Szymanoski later told reporter Atare Agbamu, “Innovations from our initial design recommendations included the first-ever two-part premium structure for an FHA program (two per cent up front and 50 basis points annually), a two dimensional “principal limit” factor (by borrower age and interest rate) that is used as an effective limit on HECM LTVs (Loan-to-value), and formulas for borrowers to set up their own customized payment plans—allowing maximum flexibility in choice among monthly payment streams, lines of credit or combination plans with both.” All of this initial modeling remains a working part of the program today.

The pilot program was careful and initially limited to 2500 loans through 1991. The first FHA-insured Home Equity Conversion Mortgage (HECM) was issued October 19, 1989 to Marjorie Mason of Fairway, Kansas. HUD selected 50 lenders by lottery to make the first HECMs. The FHA sponsored fourteen two-day counselor training sessions conducted by Scholen and Bronwyn Belling of AARP. And Fannie Mae announced its intention to purchase the mortgages insured by the FHA. In the first year (1990), 157 loans were closed. In the second year (1991), 389 loans were closed. The program grew slowly as it found its footing.

The original statute had called for evaluations of the program by HUD staff on a timely basis. The first one in 1992 was followed by further evaluation in 1995.

The goals of the demonstration were to (1) permit the conversion of home equity into liquid assets to meet the special needs of elderly home owners, (2) encourage and increase participation by the mortgage markets in converting home equity into liquid assets, and (3) determine the extent of demand for home equity conversions and types of home equity conversion mortgages that best serve the needs of elderly home owners.

The 1995 report stated “the Demonstration has made significant progress toward achieving each of these goals, although more time will be necessary to complete the work. “
This report also addressed the adequacy of the mortgage insurance premium for the first time and concluded the present value of the premiums collected exceeded the value of insurance claim losses.

When the program was launched, deliberation continued and it was closely observed. Over the subsequent 20 years, Congress would amend the statute nine times, sometimes simply to clarify wording, others to alter substance. Changes would include:

- In 1990, the volume cap was changed from 2500 loans by the end of Fiscal Year (FY) 1991 to 25,000 loans by the end of FY 1995;
- In 1996, the restriction on securing the loan with a single-family residence was changed to also include a 1-4 family residence in which the mortgagor occupies one of the units; the aggregate number of loans insured was changed twice from 25,000 through FY 1995 to 30,000 through FY 1996 and then to 50,000 through FY 2000;
- In 1998, in the HUD Appropriations Act, the word “demonstration” program was struck and the program became permanent; the aggregate number of mortgages that could be insured was raised to 150,000;
- In 2000, refinance of existing HECMs was authorized and rules created for implementation including requiring a good faith estimate of costs and permitting a credit for previous upfront mortgage insurance premium against the new premium;
- In 2005, the volume cap was raised from 150,000 loans to 250,000 loans;
- In 2006, the volume cap was raised from 250,000 loans to 275,000 loans; in the Home Equity Act of 2006, regional loan limits for HECMs were eliminated and a single national loan limit equal to that of the Freddie Mac loan limit (then $417,000) was created;
- In 2008, the Housing and Economic Recovery Act included provisions introduced by Senator Claire McCaskill (D-MO). Limits were placed on origination fees; cross selling of other financial products as a condition for obtaining a reverse mortgage were prohibited; rules assuring independence of counselors from lenders were strengthened; the establishment of qualification standards for counselors and a new counseling protocol by mid 2009 was called for; HECM insurance was shifted from the General Insurance Fund to the Mutual Mortgage Insurance Fund (MMI); a provision to permit a waiver of upfront insurance premiums when proceeds are used to purchase a qualified long-term care insurance policy was eliminated; and the HECM for Purchase program, which authorized use of these funds for purchase of principal residences, was created;
In 2009, as part of the American Relief and Recovery Act, loan limits were increased to 150% of the Freddie Mac limit or $625,500.

In 1997, just prior to the program being made permanent, the reverse mortgage lending community sought a voice to represent its interests in Washington and the National Reverse Mortgage Lenders Association was formed. With a new promise of a prolonged future, and perhaps partially due to the existence of an industry-wide professional organization, the business began to multiply rapidly. In 2001, NRMLA had 32 member companies and about 7800 loans were closed. By 2005, we had 370 members and over 43,000 loans were closed. By 2007, volume would go over 100,000 loans per year, where it remained for three years.

In 2007, Ginnie Mae introduced its HECM Mortgage-Backed Securities program (HMBS). In November of that year, the first HMBS pool was offered by Goldman Sachs.

In Ed Szymanoski’s last report on the demonstration program written in 2000, he reported a high level of satisfaction among HECM borrowers. In 2007, AARP reported that 93% of borrowers surveyed had a good experience with their loans. In 2010, research conducted by Marttila Strategies for NRMLA reported that 90% of surveyed borrowers felt no pressure to proceed, 90% did not feel they were misled in any way or given wrong information, 80% said they were likely to recommend the product to a family member and more than 50% said they could not meet their monthly expenses without their HECM.

Despite the rapid growth of the industry and the high level of contentment among borrowers, HUD and the industry did not retreat from the responsibility of perpetual re-evaluation and frequent refinements. During this past decade of growth:

- Loan Limits have been frequently adjusted to keep up with home prices and needs;
- Loan to value ratios (Principal Limit Factors) have been adjusted to protect the FHA Mutual Mortgage Insurance Fund (MMI);
- The counseling process has been enhanced by the new protocol requiring the addition of the Financial Interview Tool to evaluate a potential borrower’s means to live up to the loan’s obligations and benefitscheckup.org, to see what other financial help might be available to them;
- Introduction of an exam and continuing education requirements for all HECM counselors to make sure they fully understand the mechanics of the product, as well as changes that are implemented over time;
- New products, including the HECM Saver and the HECM for Purchase, have been designed and introduced to serve consumers with different needs;
- The Mortgage Insurance Premium has been increased to protect the MMI;
• HUD, FTC and NRMLA have worked together to discourage inappropriate and misleading advertising language.

Both our government partners and our members have had a laser focus on providing the most helpful product to America’s seniors delivered with the highest ethical values and integrity. At the same time, they have adjusted the program when necessary to keep it aligned with the requirements of and maintain the security provided by FHA insurance.

The history of the HECM program demonstrates that its participants have been admirably thoughtful, careful and responsible. The program has resulted in the growth and development of an important financial management tool that we are able to offer because of the sharing of risk between the public and private sectors.

**Emergence of HECM as a Proactive Tool for Personal Financial Management**

While HECM was initially created to help older homeowners supplement their retirement income by simply adding in a stream of monthly payments to the homeowner, or creating a stand-by line of credit, use of the loan has evolved to help a number of homeowners facing differing circumstances. In some cases, a HECM is utilized to pay off an onerous mortgage and/or other debts, enabling the homeowner to eliminate monthly payments and deploy their regular cash flow to cover day-to-day living expenses, while being able to remain living in the home, rather than having to sell it and move. In other cases, reverse mortgages have been utilized to cover costs for in-home care, allowing borrowers to avoid a costly stay in a nursing home.

With the introduction of the HECM Saver, which provides lower costs to consumers and lower risk to the FHA insurance fund, the program has drawn interest from financial planners working with older clients. Many retirees experience peaks and troughs in their cash needs over time. As a result, they are often forced to liquidate assets at inopportune times. Rather than selling stocks into a down market, or cashing in Certificates of Deposit or other financial instruments before maturity and possibly incurring a penalty for doing so, utilization of a HECM Saver can provide cash for immediate needs and then be repaid back into the HECM line of credit when investment values are higher or when instruments mature. The net result, according to models run by leading financial planners, is that the client will have a larger amount of money available to meet their funding needs through retirement.

Another innovation in the application of this important tool has been the introduction of a HECM for Purchase variation of the loan that enables homeowners to purchase a new home that better fits their needs, without having to take on a new monthly payment. A classic example of this application would be a homeowner living in an older, two-story home with high maintenance requirements moving to a home that better fits his/her needs. By utilizing a HECM for Purchase to move into a newer, single-story home, perhaps even closer to family members, homeowners can set themselves up to be able to age in place.
Importance of Counseling for Reverse Mortgage Borrowers

A challenge with reverse mortgages is that, to many, the notion is somewhat counter-intuitive. How a reverse mortgage works, how the amount of money available to a homeowner is determined, how HECMs are priced and why, or how a lender earns its revenue are topics that are often not fully understood by homeowners considering utilizing this helpful tool. As a result, Congress wisely established a statutory requirement that every prospective borrower must meet with an independent third-party reverse mortgage counselor before actually completing a formal application for a HECM loan.

Analyzing how a reverse mortgage might fit into the picture for any particular borrower and learning how to assess various options available is not an easy task -- particularly for older homeowners who might not have been in the financial markets for awhile, for newly widowed individuals whose loss of their spouse’s Social Security creates financial insecurity, for seniors struggling to make ends meet, or those trying to plan ahead to maximize their resources and sustain their financial independence.

Counseling has become a hallmark of the HECM program. It is a very effective consumer safeguard and its impact can be seen in the limited and isolated number of instances where there has been evidence of fraud or elder financial abuse within the HECM program. NRMLA regularly surveys Attorneys General offices in all states, Divisions of Banks, and Departments of Consumer and Elderly Affairs, and all report a very low incidence of complaints about reverse mortgages. NRMLA suggests that the mandatory counseling is a significant contributor to the integrity of the HECM program.

The opportunity for every prospective reverse mortgage client to consult with an independent, professional reverse mortgage counselor prior to formally submitting an application for a reverse mortgage is a critical step for helping consumers make a sound decision. The reverse mortgage counselors are employed by HUD-approved, community-based and nationally-designated nonprofit housing and credit counseling organizations, and each individual counselor must be qualified by passing a HUD-administered exam and meeting continuing education requirements.

The counseling covers several key aspects as delineated in the statute that created the HECM program. First of all, Sec. 255(d)(2)(b) of the National Housing Act requires that:

“To be eligible for insurance under this section, a mortgage shall have been executed by a mortgagor who has received adequate counseling as provided in subsection (f), by an independent third party that is not, either directly or indirectly, associated with or compensated by a party involved in originating or servicing the mortgage, funding the loan underlying the mortgage or engaged in the sale of annuities, investments, long-term care insurance or any other type of insurance or financial product.”
Sec. 255(f) further requires:

“The Secretary shall provide or cause to be provided adequate counseling for the mortgagor, as described in Subsection (d)(2)(b). Such counseling shall be provided by counselors that meet qualification standards and follow uniform counseling protocols.

“The protocols shall require a qualified counselor to discuss with each mortgagor information which shall include –

1.) Options other than a home equity conversion mortgage that are available to the homeowner, including housing, social service, health and financial options;
2.) Other home equity conversion options that are or may become available to the homeowner, such as sale-leaseback financing, deferred payment loans, and property tax deferral;
3.) The financial implications of entering into a home equity conversion mortgage;
4.) A disclosure that a home equity conversion mortgage might have tax consequences, affect eligibility for assistance under Federal and State programs, and have an impact on the estate and heirs of the homeowner; and
5.) Any other information that the Secretary may require.”

The result of this has been the development of a robust network of committed counseling organizations and qualified individuals to deliver the HECM counseling, either in face-to-face sessions or via telephone, depending on each client’s personal choice and mobility. This counseling network has ably served the needs of older homeowners considering HECM loans and has grown in capacity and sophistication as the decisions that go into evaluating a HECM get ever more complex.

One particular area that has emerged, and both NeighborWorks and National Council on Aging (NCOA), two of the primary providers of reverse mortgage counseling and training are to be commended for stepping up to the plate to deal with the issue, is providing remedial counseling to reverse mortgage borrowers who have had setbacks in their financial affairs and have had difficulties meeting their obligations to pay property taxes and insurance. Failure to pay these so-called “property charges” represents a technical default under the HECM program.

When a borrower falls into technical default, the loan servicer is obligated to pay such charges on their behalf to protect the FHA insurance fund and begin working with the borrower to bring the account current. HECM counselors play an integral role in providing remedial assistance and advice for borrowers in technical default.
As a result of these remedial counseling services, a growing percentage of households facing this situation have been able to be put on a repayment plan to reimburse the lender’s advances, protecting FHA from possible payouts for claims, while preserving the homeowner’s ability to continue living in his/her home – a win-win solution for all involved.

Standards for housing counseling criteria, in the HECM arena, are very specific and stringent. They are the product of an ongoing collaborative effort among a varied group of stakeholders including HUD, senior advocacy groups, gerontology experts, housing counseling professionals and experienced lenders. They have proven to be very effective to date and have been considerably enhanced with the introduction of updated HECM counseling protocols two years ago.

**Current Issues Impacting HECM Program**

1.) Authorization Cap

A major issue faced by the reverse mortgage industry is that, while the HECM program was made permanent back in 1998, there has been a statutory limit on the number of loans FHA is authorized to insure. Although the cap has been routinely raised or suspended by Congress annually, its existence deters some industry participants from making the commitment required to fully embrace reverse mortgage lending, thus keeping competition in the market at a minimal level.

NRMLA urges the Members of this Subcommittee to support the continued availability of Home Equity Conversion Mortgages by permanently removing the cap on the number of HECMs that FHA may insure to minimize any possible disruption in the availability of this important personal financial management tool.

While there might be some concern about monitoring the program periodically to assure that it is operating on a fiscally sound basis, the review undertaken annually in the budget process provides that opportunity. There are also opportunities for review whenever this Subcommittee, or the full Financial Services Committee, conducts its periodic and helpful oversight of the program, or of FHA generally.

2.) Qualified Mortgage

A “Qualified Mortgage” is a concept that has emerged from the Dodd-Frank act to identify characteristics of mortgages that may be originated and sold into the secondary market without a risk retention requirement for the lender. The Consumer Financial Protection Bureau (the Bureau) is promulgating rules on this concept and, because the definition of Qualified Residential Mortgage under separate agency rulemaking on risk retention in securitizations is tied to the definition of Qualified Mortgage under the Ability to Repay – Qualified Mortgage Rule (hereinafter “ATR-QM”), we have been urging the Bureau to specifically create criteria for reverse mortgages.
We are requesting they create a definition of a qualified mortgage under its ATR-QM rule to assure that reverse mortgages, other than FHA-insured HECMs, have an opportunity to qualify for an exemption from the risk retention requirements. We have made similar comments to the agencies engaged in risk retention rulemaking.

The reverse mortgage market currently is comprised primarily of FHA-insured Home Equity Conversion Mortgage loans (or HECMs). This was not always the case. In 2006, conventional reverse mortgage securitizations reached approximately $1 billion. At the peak of reverse mortgage activity in 2007, conventional reverse mortgage were as much as 16% of the dollar volume of the reverse mortgage industry.

The conventional reverse mortgage securitization market showed robust signs of growth throughout the 2002-2007 timeframe, but receded parallel to the overall fall-off in demand for mortgage-backed securities.

We believe it is healthy for the reverse mortgage industry to be able to offer a range of product options, including proprietary (non-FHA-insured) reverse mortgages, in addition to HECMs. Having a specific definition of a “QM” for reverse mortgages will help facilitate the return of a conventional market with proprietary products.

Our recommendation is that reverse mortgages that are either FHA-insured, or meet the guidelines of the FHA HECM program, should be deemed to be a qualified mortgage for purposes of the ATR-QM rule. More explicitly, to be considered a “QM,” a reverse mortgage should (1) require no regular monthly repayment of principal or interest; (2) require mandatory counseling prior to origination; (3) require a limited underwriting of the borrower according to procedures consistent with those to be established by HUD for the HECM program (or other similar procedures appropriate for proprietary reverse mortgage products that are designed to accomplish these same objectives) based on financial resources that are verified and documented and taking into consideration applicable taxes, insurance and assessments affecting the collateral property; and (4) carry no prepayment penalty.

3.) Improve Disclosures & Reduce Paperwork

NRMLA fully supports the revision of mortgage disclosures as required by the Dodd-Frank Act. However, we believe it is imperative that a disclosure for reverse mortgages be developed independently of the effort on forward mortgages and that a format devised explicitly for reverse mortgages be utilized.

By fully understanding the terms and conditions of a reverse mortgage through clear and concise disclosures, qualified applicants will be able to make better informed decisions. Historically, reverse mortgages have often been “shoe-horned” into disclosures developed for other products, which do not necessarily provide the information required to make an informed decision about a reverse mortgage in a comprehensible manner.
NRMLA has drafted a model disclosure format and is submitting it to the Bureau for its consideration. Our model disclosure provides all of the salient information in a simplified, easy to read, yet comprehensive, format.

4.) HECM for Purchase

As part of the Housing and Economic Recovery Act of 2008, Congress authorized the use of HECMs to fund the purchase of a home. FHA implemented the HECM for Purchase program initially through the publication of Mortgagee Letter 2008-33, and subsequently Mortgagee Letter 2009-11.

At closing, a HECM for Purchase borrower must provide a monetary investment which will be applied to satisfy the difference between the HECM principal limit and the sale price for the property, plus any HECM loan related fees that are not financed into the loan, minus the amount of the earnest deposit.

In Mortgagee Letter 2009-11, FHA prohibits seller contributions (also known as “seller concessions”), the use of loan discount points, interest rate buy downs, closing cost down payment assistance, builder incentives, gifts or personal property given by the seller or any other party involved in the transaction. This includes customary charges that are normally paid on behalf of the borrower by the seller.

Given the large monetary investment already required by the senior homebuyer in a HECM for Purchase transaction, the new rule limiting seller concessions impedes the utility of this financing tool. We urge FHA to adopt a more accommodating approach, allowing seller concessions in connection with a HECM for Purchase. As a safeguard, we would recommend that seller concessions not be used to otherwise qualify a senior for a HECM for Purchase transaction.

5.) Tax & Insurance Defaults

Homeowners with HECM loans are required to keep their property properly insured, plus pay taxes and any applicable homeowner association fees. If they fail to do so, the loan servicer is required to advance such funds on their behalf, from the borrower’s line of credit, if funds are available, or from the loan servicer’s own funds, if not. Once the loan servicer advances its own funds, it is required to work with the borrower to recover the funds advanced through a repayment plan. If the borrower continues to fail to meet that obligation, the loan is in “technical default” and the loan servicer must go to HUD and request permission to call the loan due and payable.

Earlier on, some HECMs were made to homeowners who eventually proved to be unable to meet these obligations. This has resulted in several new initiatives to minimize issues caused by technical defaults. FHA now requires loan servicers to report delinquent borrowers in a more timely fashion and to work with them and a special task force of counselors trained in remedial strategies for dealing with such defaults.
Counseling protocols have been enhanced to make sure that the responsibility for paying these so-called “property charges” is explicitly discussed upfront in counseling sessions with all borrowers. Lenders have become much more direct in discussing this obligation with prospective borrowers and are beginning to implement procedures designed to identify applicants who might not be able to meet their obligations.

FHA is at work collecting data to identify the types of situations that lead to technical defaults and craft a financial assessment rule for lenders to utilize in underwriting HECM applicants. We understand that a Proposed Rule on this will be published in the months ahead.

Our members are hopeful that the Proposed Rule will also provide the flexibility to require the establishment of a “set-aside” of some of the reverse mortgage proceeds to be used as a reserve account for paying taxes and insurance, or to limit the options available for drawing down funds, for those prospective borrowers who appear to pose a risk of technical default.

In the interim, NRMLA has developed guidance for our members on the elements of a responsible and prudent limited underwriting approach for HECM applicants, which they follow as they await more formal guidance from HUD.

**Conclusion**

The FHA Home Equity Conversion Program has been a useful tool, helping hundreds of thousands of seniors maintain their homes and lead more financially stable lives. The program has been administered thoughtfully, carefully and responsibly by a partnership of stakeholders including HUD, the lending community, senior advocacy groups like AARP and National Council on Aging, and the housing counseling network. This has allowed the reverse mortgage concept to gain a foothold and prove the value of this important personal financial management tool as a component of retirement finance and funding longevity.

We thank the Members of this Subcommittee for your continual interest in the HECM program and hope that we can count upon Congress to demonstrate its support by further suspending or, preferably, removing the cap on the number of reverse mortgages FHA is authorized to insure.

Thank you for the opportunity to appear before this Subcommittee. I would be pleased to answer any questions.