



Reverse Mortgage
End-to-End
Marketing and Risk Management Solutions



Industry Issues



Issues are faced everyday that an Automated Valuation Model (AVM) can solve for.

Whether it's pre-closing where marketing decisions are made
or
post-closing where there is little visibility into your serviced loans

AVM's are a tool that should be utilized



Industry Issues – *Pre-Closing*



Problem:

Mortgage marketers struggle with identifying eligible prospects for reverse mortgage campaigns.

- **Is the CLTV at a workable percentage?**
- **Do they have sufficient equity in the property?**
- **Are they age eligible?**

Answer:

Use a tool that accurately targets Reverse Mortgage prospects. Look for one that combines comprehensive property data, demographic data, and AVM's to zero-in on eligible prospects with a high likelihood of responding to reverse mortgage offers.



Solution Overview – What to look for



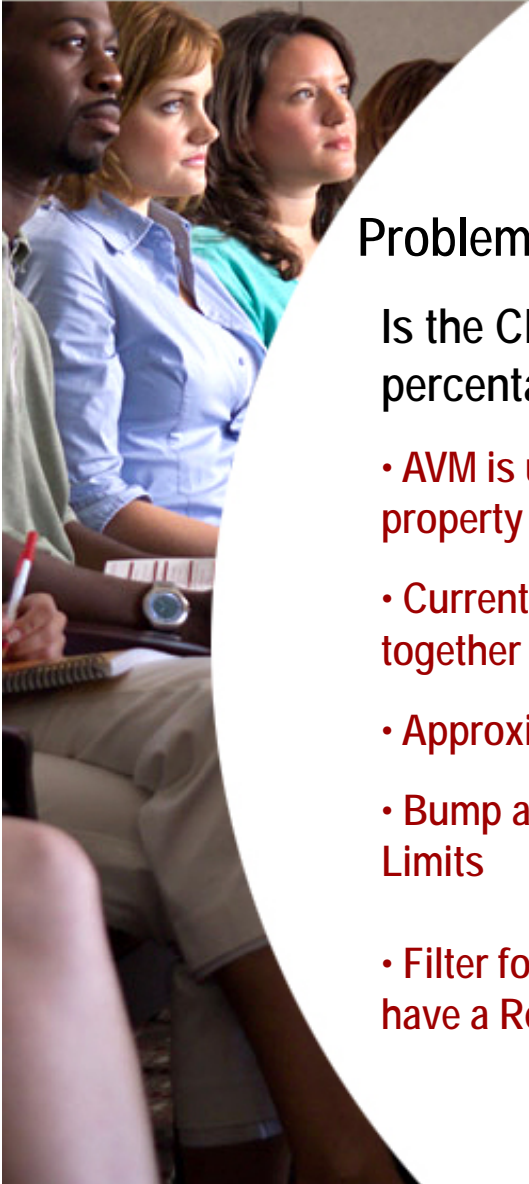
The tool should allow for selection of criteria by:

- **Geography**
 - *Match up with your business footprint*
- **Mortgage Data**
 - *Target homeowners with low CLTV*
- **Property**
 - *Selectable property types (SFR, Condo, Duplex, etc...)*
- **Demographic**
 - *Age*

The tool also needs to pull property and ownership data.



Solution Overview – Problems Solved For



Problem Solved:

Is the CLTV at a workable percentage?

- AVM is used to determine current property value
- Current Open Liens are added together
- Approximate CLTV is established
- Bump against 203B Lending Limits
- Filter for owners who currently have a Reverse Mortgage

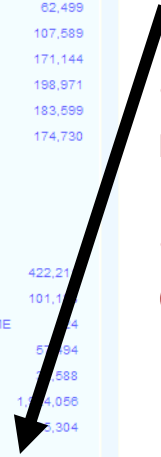


Category	Sub-category	Count
CA	LOS ANGELES	2,288,936
CA	ORANGE	848,812
MORTGAGE	All Mortgage	
	COMBINED LTV	
	1-10 %	62,499
	11-20 %	107,589
	21-30 %	171,144
	31-40 %	198,971
	41-50 %	183,599
	51-60 %	174,730
	First Mortgage	
	Junior Mortgage	
PROPERTY	PROPERTY TYPE	
	CONDOMINIUM	422,211
	DUPLEX	101,111
	MANUFACTURED HOME	101,111
	PUD	57,994
	QUADRUPLEX	1,588
	SFR	1,144,056
	TRIPLEX	2,304
DEMOGRAPHICS	Individual 1	
	Individual 2	
	Household	
	Age	
	62-99 Years	501,526
OPTIONS	Mailing and Property address Complete	
	Include Owner Occupied Only	
	Exclude Corporate Owned	

Problem Solved:

Are they age eligible?

- Demographic data used to restrict search to target ages
- Ages are for current property owners



Solution Overview – AVM

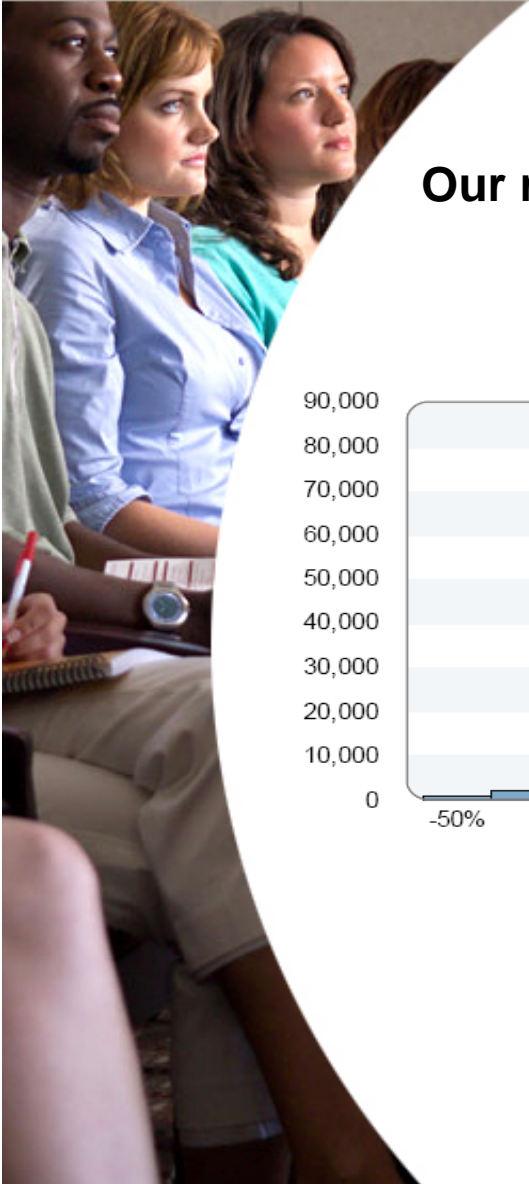


What you should look for in an AVM tool:

- **AVM should be fast**
- **AVM should be accurate in its valuations**
- **AVM hit rate should be high – Aim for over 90%**
- **AVM should be blind tested frequently**
- **AVM values if stored should be updated frequently**

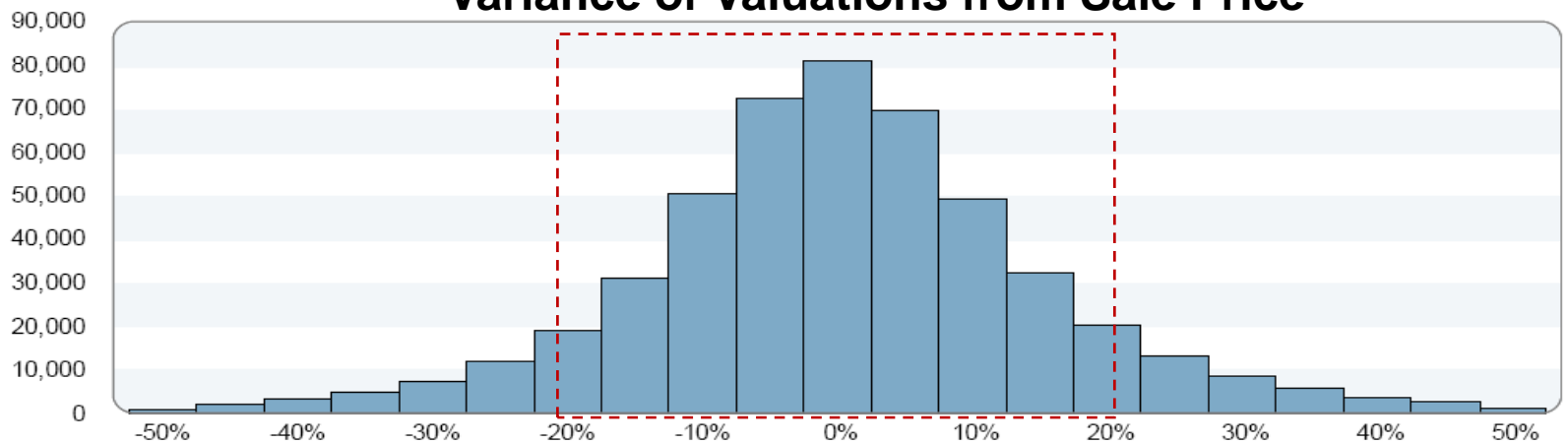


Solution Overview – AVM Accuracy



Our results:

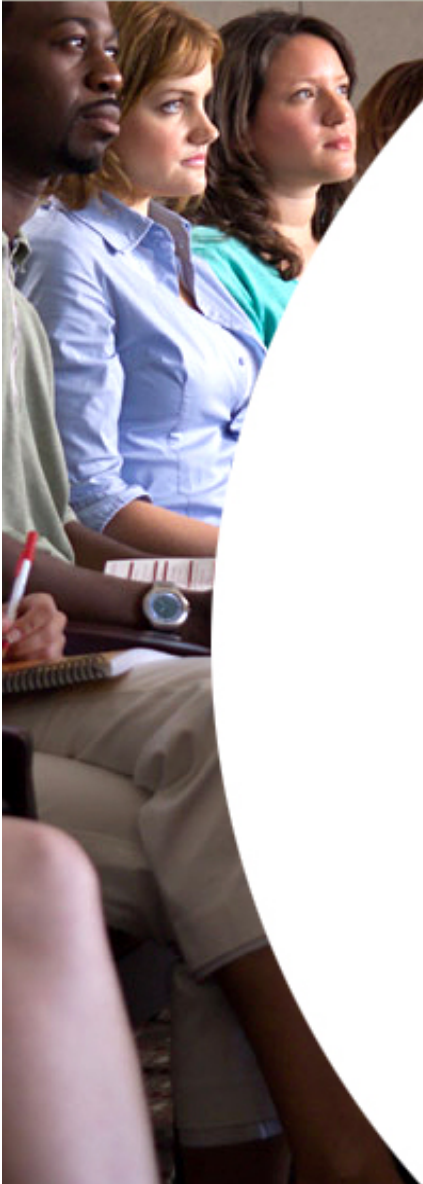
Variance of Valuations from Sale Price



80% of the valuations were within 18.2% of the sale price



Industry Issues – *Post-Closing*



Problem:

Once originated and in servicing there are still risks associated with the transaction.

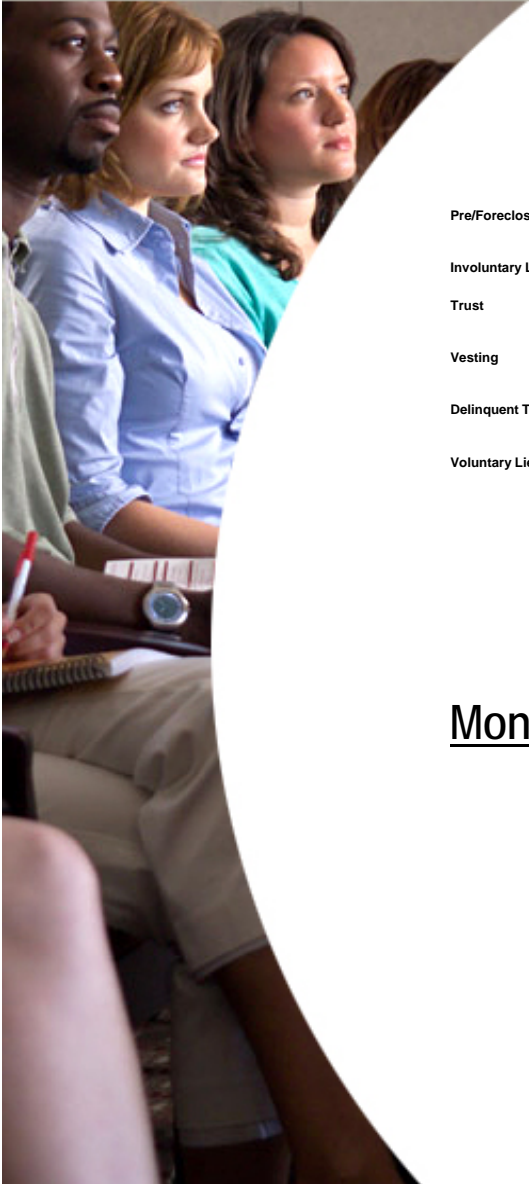
- **Are the borrowers staying compliant with program regulations?**
- **Visibility into serviced portfolio?**
 - **Are they delinquent on taxes**
 - **Is there any voluntary lien activity**
 - **Have any involuntary liens been placed on the property**
 - **Are there any vesting changes (persons added to, placed into trust, etc...)**
 - **Has the property gone into Pre-Foreclosure or Foreclosure**

Answer:

A post closing tool that gives you visibility into your reverse mortgage portfolio.



Solution Overview - Adverse Actions *are you aware?*



	Pre/Foreclosure	Involuntary Lien	Trust	Vesting	Delinquent Tax	Voluntary Lien
Pre/Foreclosure	101	49	0	0	4	0
Involuntary Lien	49	470	2	8	21	0
Trust	0	2	753	0	16	0
Vesting	0	8	0	3706	80	0
Delinquent Tax	4	21	16	80	9127	1
Voluntary Lien	0	0	0	0	1	75

Sample size: 178220

Monetized Exposure

Pre/Foreclosure
 Involuntary Lien
 Trust
 Vesting
 Delinquent Tax
 Voluntary Lien

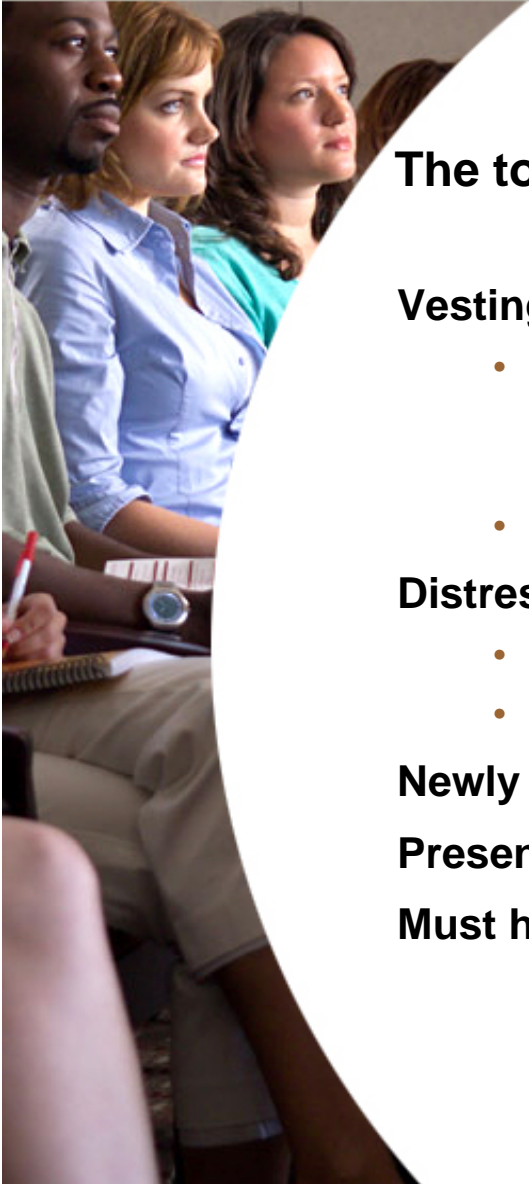
Serviced Mortgage Amount

\$23M
 \$81M
 \$160M
 \$799M
 \$1.2B
 \$19M

\$2.2B



Solution Overview – What to look for



The tool should give servicers visibility into the following areas:

Vesting Changes:

- **Property Placed into Trust**
 - *Are all trustees eligible for the Reverse Mortgage*
 - *Are they part of the original Reverse Mortgage transaction*
- **Have persons other than the mortgagees been added to the property**

Distress Events:

- **Involuntary Lien (Mechanics Lien, HOA Due Delinquency)**
- **Pre-Foreclosure / Foreclosure**

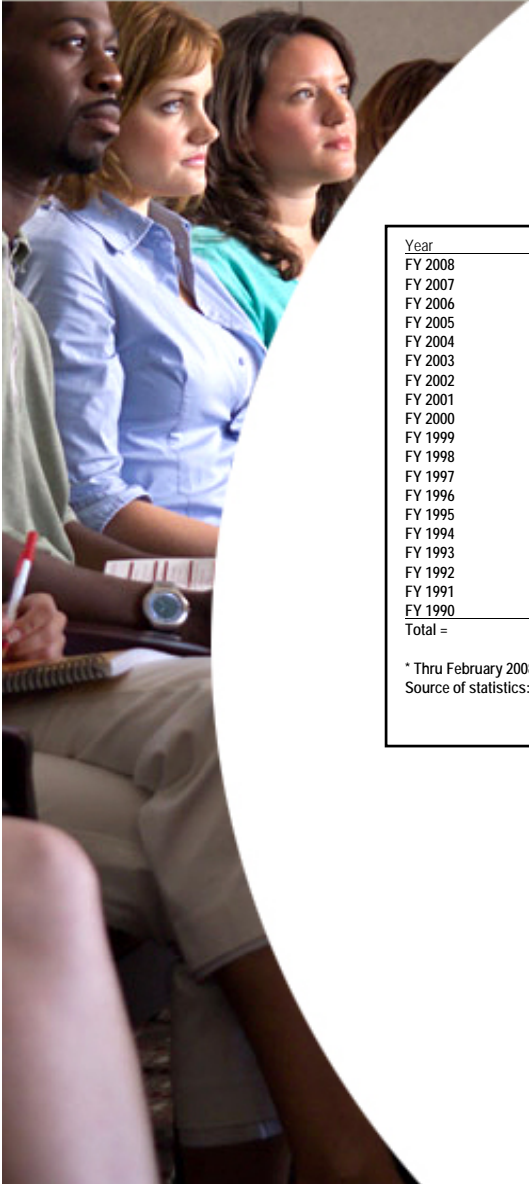
Newly recorded Voluntary Liens against the property

Present Valuation of the property with LTV estimate

Must have access to property data for Reverse Mortgage holders



HECM Originations



Year	HECM Loan Originations
FY 2008	45,556*
FY 2007	107,558
FY 2006	76,351
FY 2005	43,131
FY 2004	37,829
FY 2003	18,097
FY 2002	13,049
FY 2001	7,781
FY 2000	6,640
FY 1999	7,982
FY 1998	7,896
FY 1997	5,208
FY 1996	3,596
FY 1995	4,165
FY 1994	3,365
FY 1993	1,964
FY 1992	1,019
FY 1991	389
FY 1990	157
Total =	383,837

* Thru February 2008
Source of statistics: HUD

- First American CoreLogic has over 186,000 Reverse Mortgages identified within our property and ownership database.
- That is over 48% of all HECM originations which account for the vast majority of all Reverse Mortgages originated.
- Our total data coverage encompasses more than 3,000 counties and represents 99.1 percent of the US population



Conclusion



Contact Information:

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Please stop by our booth and ask about [ListSource](#) and [ReverseAlert](#)

