



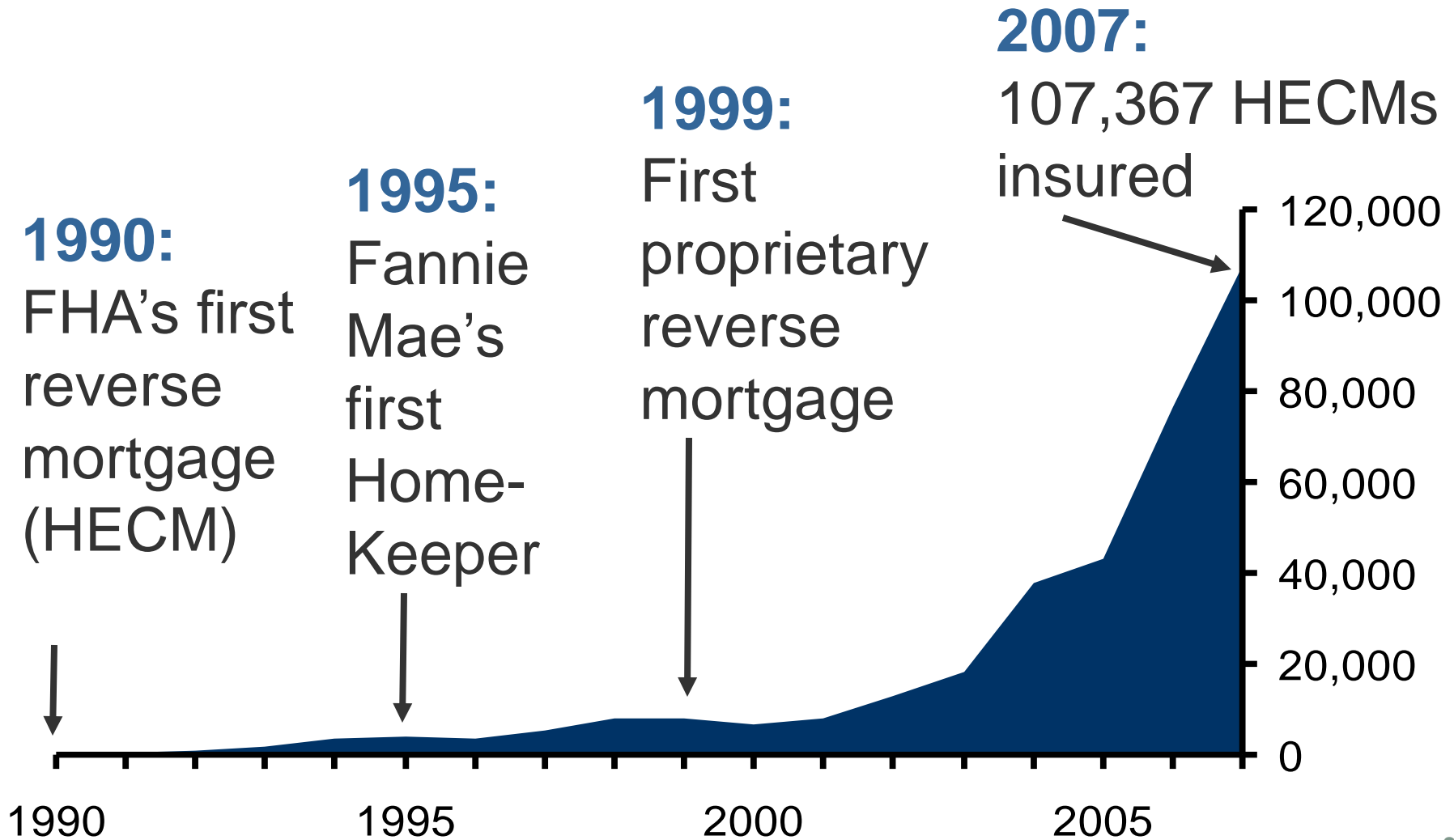
Going Forward in Reverse Lending

Robert R. Scott
Financial Freedom

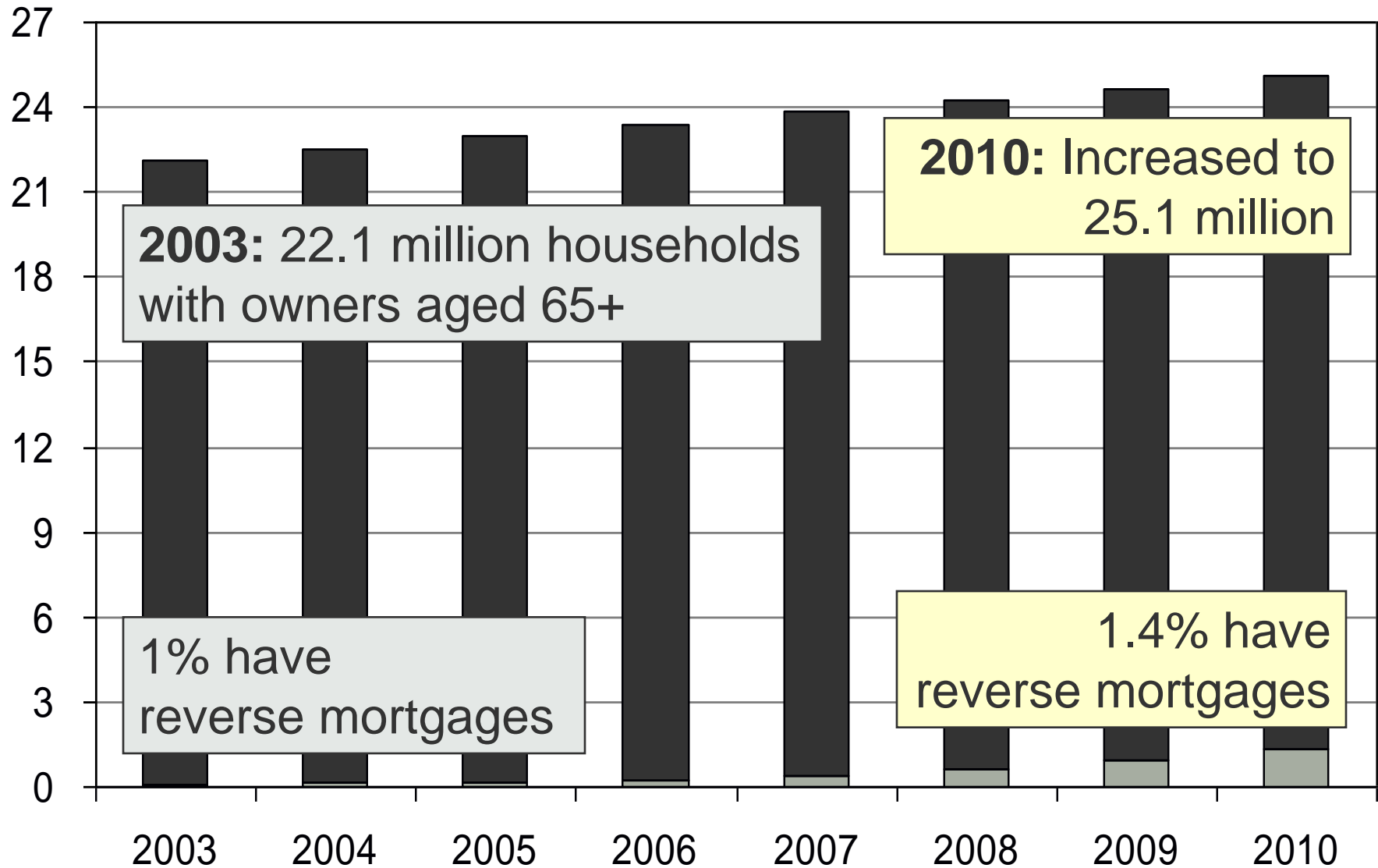
Everything in the reverse mortgage industry has changed in the past year.

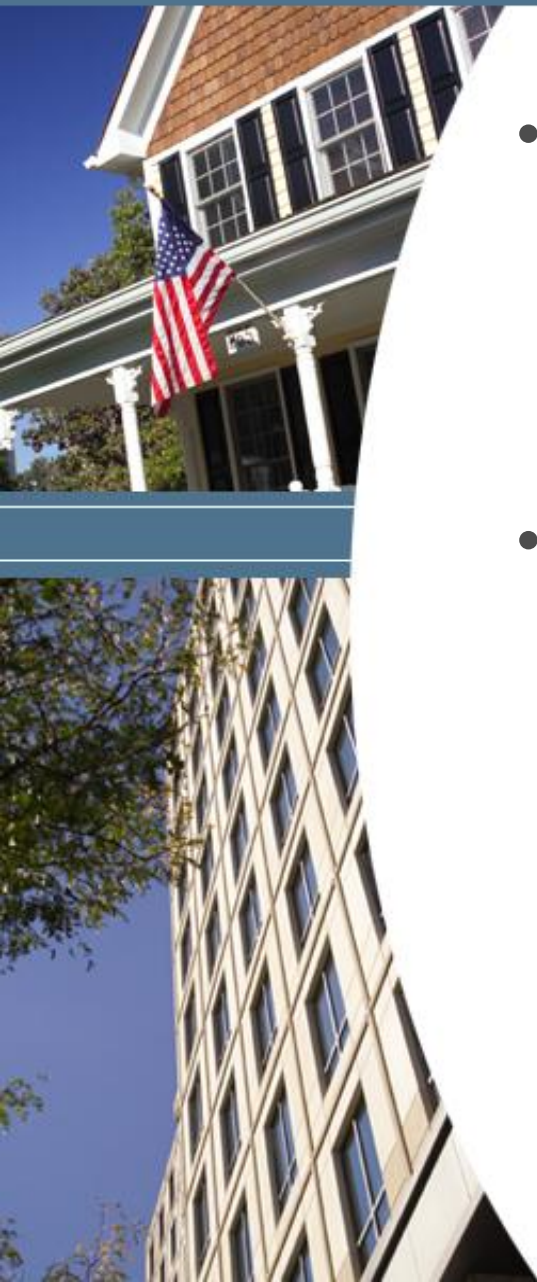
Clients ● Investors
Regulators ● Products

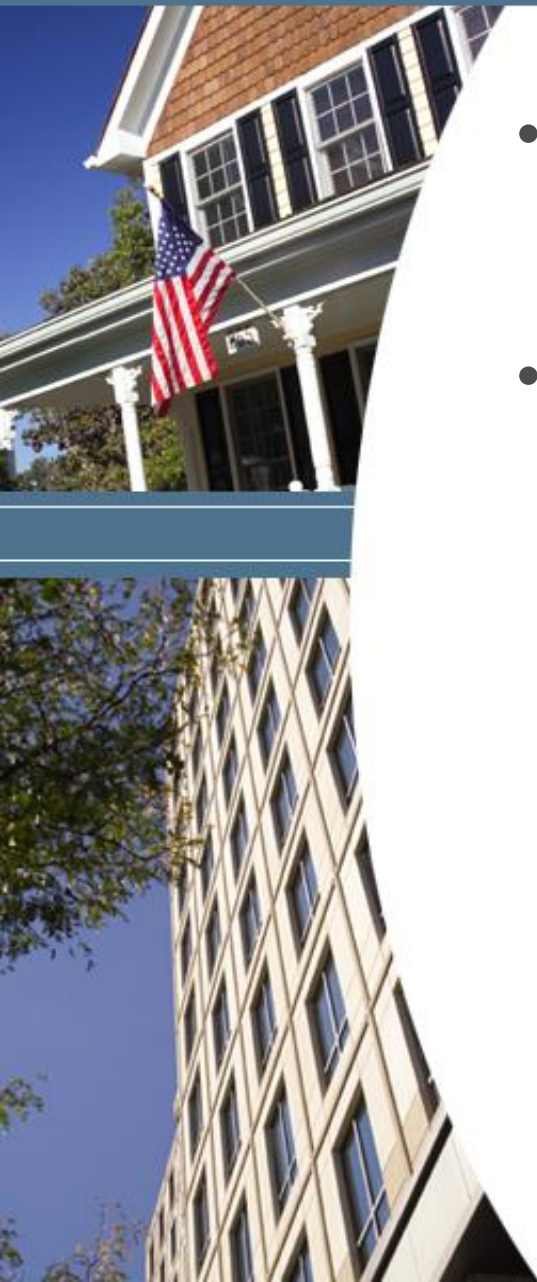
A (Very) Brief History

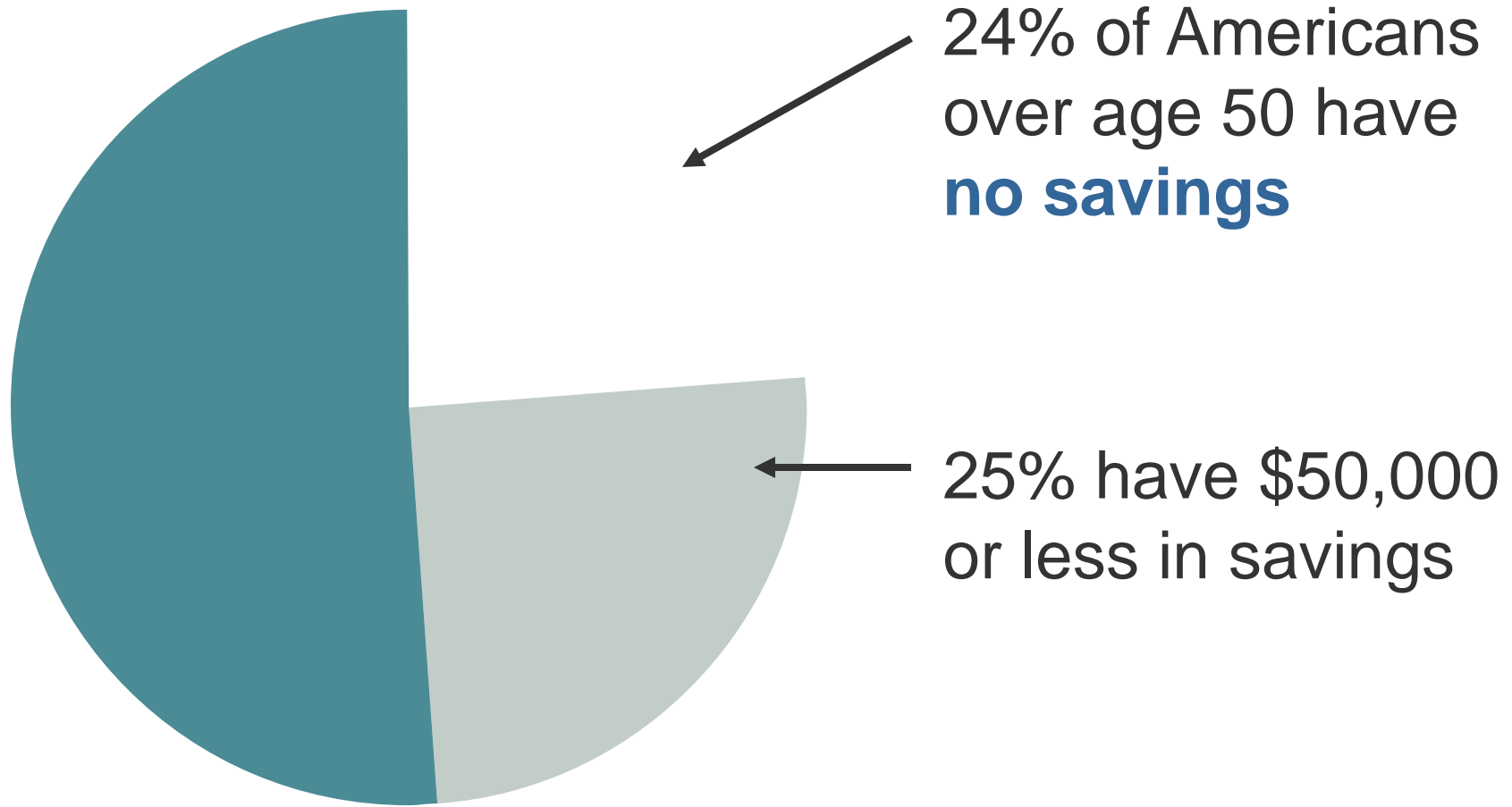


The Industry Future is Still Bright



- 
- Aging baby boomers
 - » Just becoming eligible
 - » Not in decline; not ready to retire
 - » “Fifty is the new Thirty-Five”
 - More aware of reverse mortgages
 - » More willing to tap into equity
 - » Will **need** to tap equity

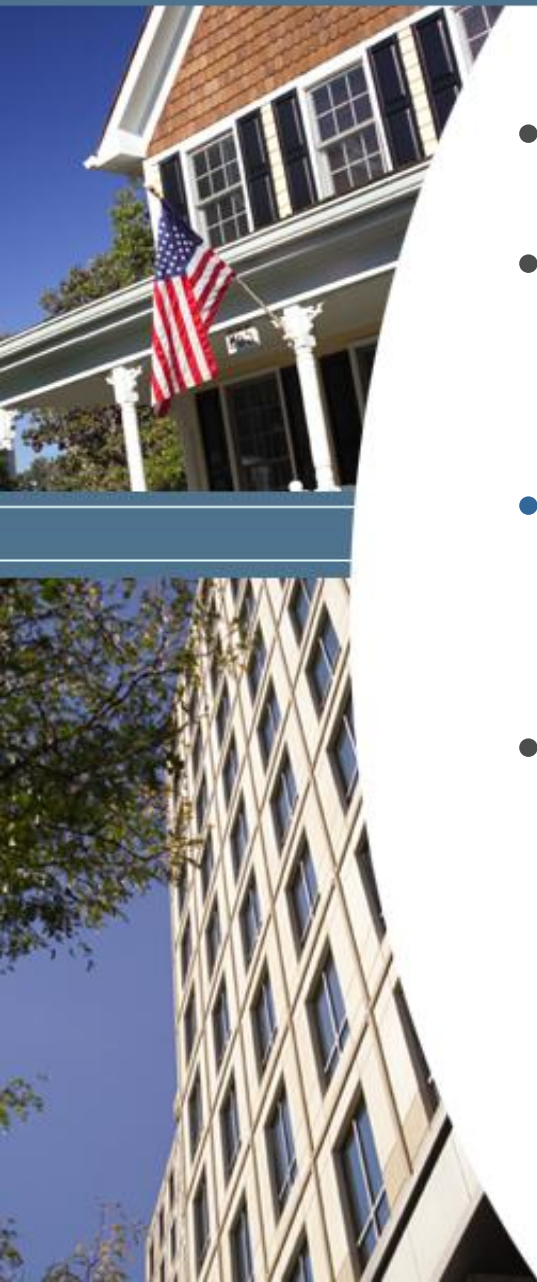
- 
- Shrinking economy will make this worse
 - Shrinking Social Security
 - » Fewer active workers supporting more retirees
 - » More pressure on Medicaid due to longer life spans

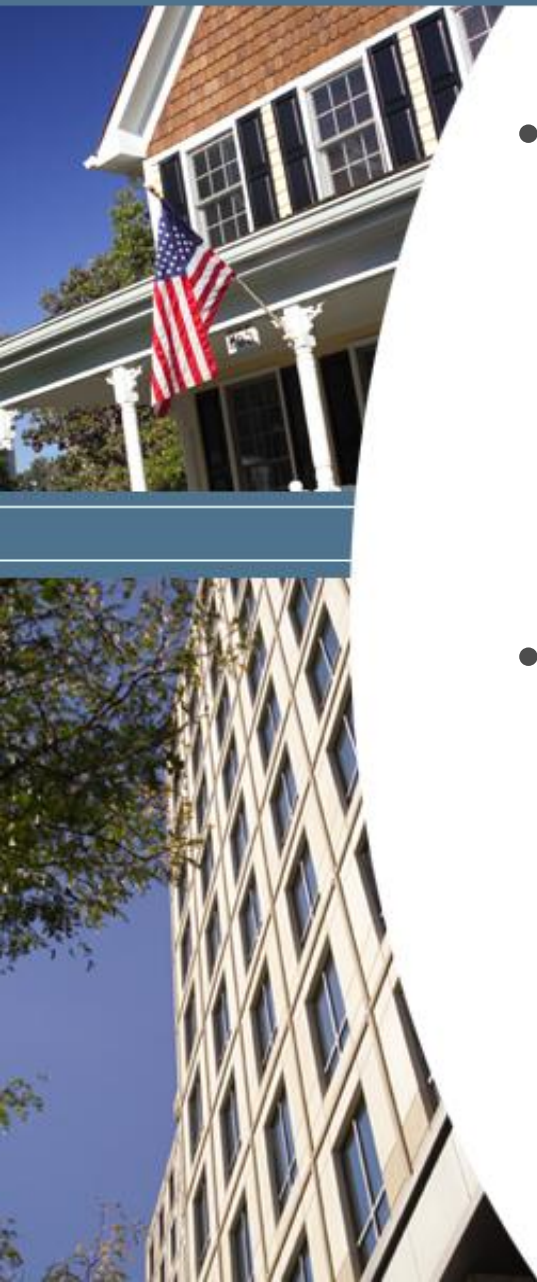


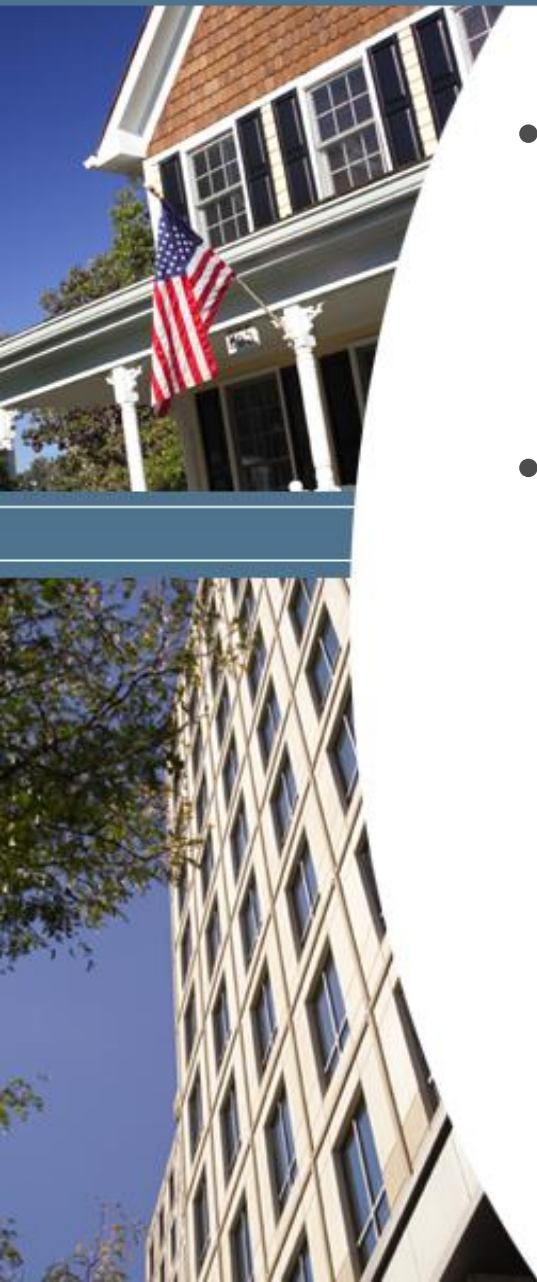
24% of Americans
over age 50 have
no savings

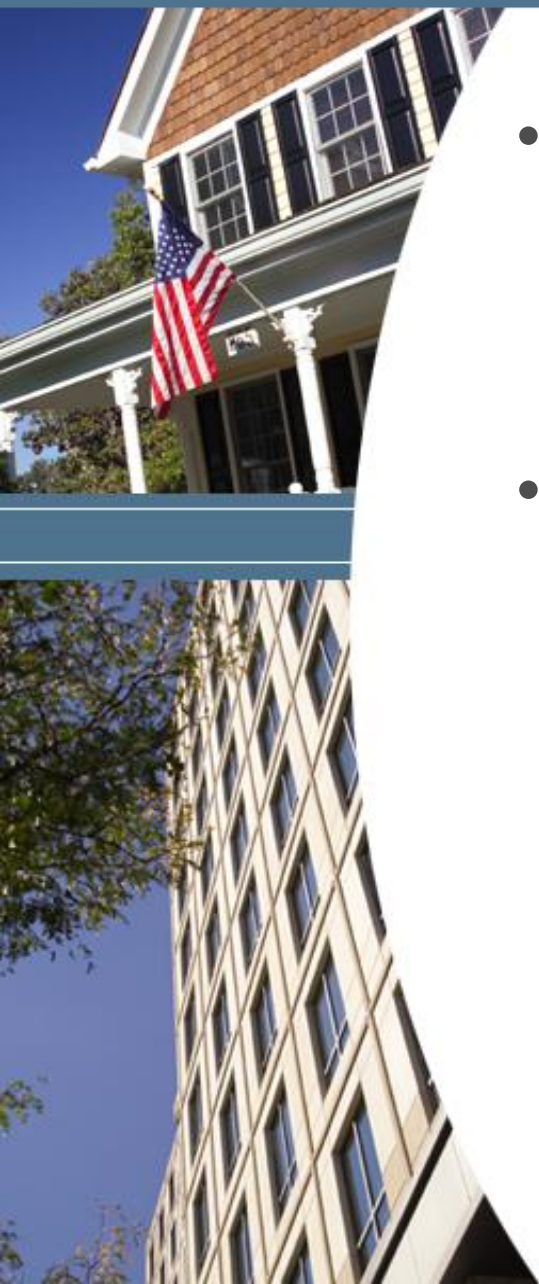
25% have \$50,000
or less in savings

What Does This Mean?

- 
- More clients
 - Growing awareness, but many segments are still untapped
 - **Potential for a trillion-dollar industry**
 - How do we get there?

- 
- Federal and State governments are becoming more interested in reverse mortgages
 - » Helping seniors supplement income using home equity
 - Closer scrutiny
 - » Industry must self-police
 - » Not just a numbers game
 - » This product is not for everyone—
are you brave enough to say that?

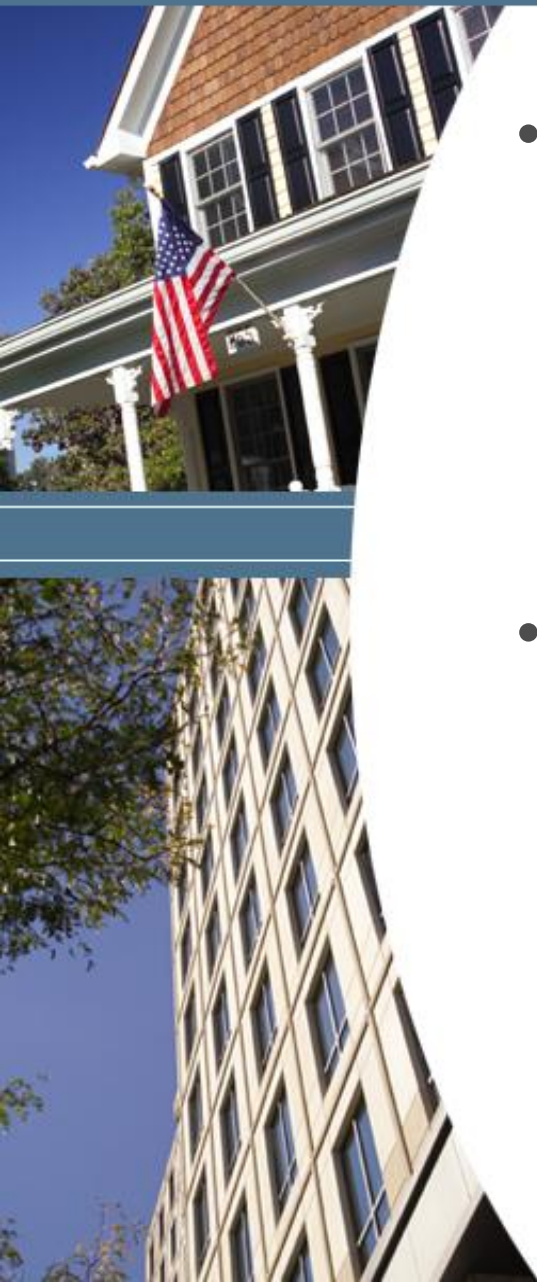
- 
- Reverse mortgages are being commoditized
 - » Banking markets nationalized
 - If HECM lending limits are high, HECM will be the product of choice
 - » Proprietary market disappearing

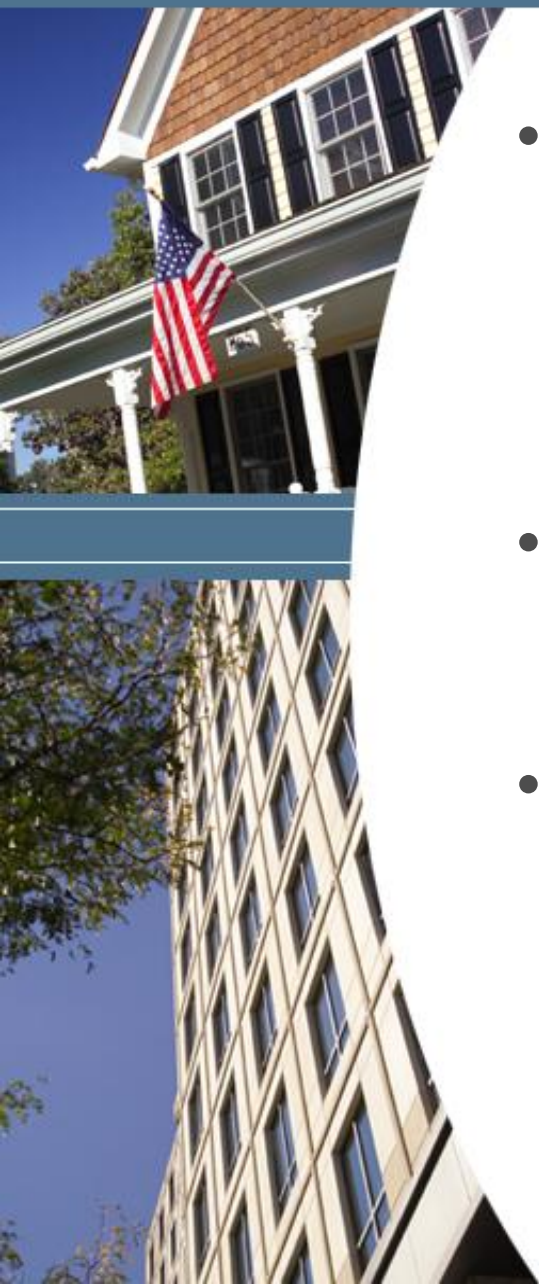


- 73% of lenders saw decline in reverse mortgages funded in past six months
- Top two reasons for decline:
 - » Lower housing prices
 - » **Increased competition**

You Actually Have to Compete

- Don't just add reverse mortgages to your portfolio as yet another product
- You need a focused approach
- Have a game plan

- 
- Streamline to gain volume
 - » Then: 60 days to close
 - » **Now:** Less than 30 days to close
 - » Then: 1 week turn-time in underwriting
 - » **Now:** 8 hour turn-time in underwriting
 - These are FHA loans
 - » How have you streamlined other FHA products?



- HUD will continue as a major force
 - » Created and incubated this industry
 - » Continues to proactively reinvent HECM
 - » Partners with industry
- Eventually, private sector will become engaged again
- Industry will continue to grow