

**Statement of
Wendy Whitaker, Mortgage Mobility
Richboro, PA
before the
Senate Banking, Housing, and Urban Affairs
Subcommittee on Housing & Transportation
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Mr. Chairman and Members of the Subcommittee, it is my pleasure to appear before you today to voice support for S. 1710, the Reverse Mortgages to Help America's Seniors Act, and provide background on reverse mortgages. My name is Wendy Whitaker and I am a Partner of Mortgage Mobility, a mortgage banking company based in Richboro, Pennsylvania.

In 2002, our company began offering reverse mortgages. Since then, we have originated FHA reverse mortgages on behalf of over 250 seniors and I have been personally involved in 50 of those loans. Working with our customers on this important financial option is always a heart-warming experience.

Typically, when a senior contacts us about a reverse mortgage, she or he (or they) has heard a little bit about the concept of a reverse mortgage but not specifically about the Home Equity Conversion Mortgage ("HECM") program. The senior lives in a home in which she or he wants to stay, but faces financial challenges in being able to maintain the home, pay taxes, or purchase services and care to allow continued residency there. Sometimes this is a result of a major system in the home that breaks and needs to be repaired or replaced. Sometimes it is the result of increasing property taxes or rising utility costs. Sometimes it is the result of changes in health conditions that require personal care or expensive prescription drugs.

Seniors may come to us after hearing a presentation that I, or one of my colleagues, give at local senior centers. Or sometimes they approach us after reading an article in a magazine or newspaper.

Most frequently, we are approached after an initial contact by an adult child of a senior.

We then meet with the senior(s) to discuss their own particular needs and explain how a reverse mortgage works. If we mutually agree that this is an option for them to consider, we take it a step further and run some projections to show them how much money would be available -- based on their age, the approximate value of their property, FHA loan limits in the area, and current interest rates. We provide them with this information and give them time to think things over. We often meet with prospective clients, plus their family members or

trusted advisors, several times. We meet as often as necessary. We want our clients to be wholly comfortable with the reverse mortgage.

Once a senior decides to proceed, we refer them to an independent reverse mortgage counselor who will review the details of their proposed transaction with them and help them confirm that the transaction is something that they want. We provide them with a list of several HUD approved counseling agencies in our area as well as phone contacts for three national counseling networks established by HUD.

If the senior decides to go forward, he or she (or they) return to us with a certificate provided by the counselor. The mortgage process is commenced with an appraisal and underwriting – which does not require a prospective borrower's income or credit history (since loan payments will never be required). The underwriting looks at the conditions of the property and other FHA requirements intended to assure that the valuation of the property is accurate.

When all documents are in order and the loan is approved, we “close.” The entire process typically takes 4-8 weeks, but can be expedited in cases where funds are needed sooner. At closing the, borrower can choose to take all of the money at once as a lump sum, establish a line of credit and draw down funds as needed, or set up fixed monthly payments. The borrower has a three day right of rescission after closing the loan.

If a senior has a problem that can be addressed if money is available, a reverse mortgage is often a terrific option for her, him or them.

Again, we have closed more than 250 reverse mortgages and every transaction has a story behind it of an individual or couple that either wanted or needed to improve the conditions in which they were living.

Each is unique in its own way. Let me tell you about a few.

(Some last names and locations have been excluded for privacy reasons)

MARYANN

Levittown, Bucks County, Pennsylvania

When we first met Maryann, she was widowed and facing foreclosure on her home. She was also raising a granddaughter who is a special needs student. Mrs. Hoffman had fallen behind in her bills and had recently stopped taking her heart medication in order to provide food for her granddaughter.

The \$230,000 home was all that Maryann had and it proved to be a lifesaver. Shortly after settlement on her reverse mortgage, Maryann was hospitalized due to complications from elimination of her heart medication. Fortunately, with

medical and financial assistance in place, Maryann is now able to care for herself and her granddaughter.

STEPHEN & PEGGY

Stephen and Peggy had lived in the same home for 36 years and hoped to spend their retirement years there. After working for the same employer for 42 years, however, Stephen's company folded and he was left with just a very small pension.

Peggy was fortunate to retire with a comfortable 401(k) but market conditions resulted in a loss of \$90,000 on her investments. When we met Stephen and Peggy, they had over \$40,000 of credit card debt and a \$55,000 lien on their home. They were living on little more than Social Security, which was insufficient to cover their monthly expenses, including several hundred dollars in medical costs.

The cash from the reverse mortgage was used to pay off all of their credit card debt as well as the lien on their home. As part of the reverse mortgage, Stephen and Peggy also were able to set up a line of credit to cover unexpected expenses in the future. They are now confident that they will be staying in their home for as long as they want.

LESLEY MCVICAR

Bristol, Bucks County, Pennsylvania

Les McVicar lives alone in his \$101,000 home and has an annual income of just \$9,600. When we met, Les was behind in his mortgage payments and had outstanding debt of \$30,500. His income barely covered the essentials. He was worried he would lose his only asset, his house.

Mr. McVicar leads a modest lifestyle and wanted to remain in his home as long as he was healthy and able to do so. He told me, "At this point in my life, all I want to do is drive to the shore to fish and buy myself a sandwich." Before the reverse mortgage he could not.

Mr. McVicar's reverse mortgage enabled him to pay off all his debt, set up a line of credit that afforded him the "luxury" of purchasing new eyeglasses and a vacuum cleaner.

As far as I know, Mr. McVicar is fishing and eating sandwiches as often as he pleases.

ARTHUR GEROLD

New Hope, Bucks County, Pennsylvania

Last year, Congressman Fitzpatrick had a chance to personally witness the effect that a reverse mortgage can have on an individual's life and lifestyle.

Mr. Gerold, a retired theatrical costume designer, and his late wife, who had a career as a professional actress, built their home over forty years ago in New Hope. At that time they had decided to move from New York City to the Bucks County. The Gerolds, using a set of mail order plans and a Veterans Administration home loan, built a beautiful home in the woods.

They used the backyard of their home as a stage for a local summer stock theater they launched as well as a drama school for local youth.

Mr. Gerold told us that his home and his backyard is where the memories of he and his wife's lives and achievements continue to flourish. Those memories, he told us, could never be replaced in another location. Mr. Gerold kept his home – and those memories – by tapping into funds provided by a reverse mortgage. He uses the proceeds to maintain his home and grounds, and to pay real estate taxes. Without the income from his reverse mortgage, he would be forced to sell this home and leave.

Conclusion

What we see in each of these stories is a unique and intangible quality to living in one's own home – for many years. Each home is emotionally irreplaceable to these and thousands of other seniors in America.

For me, it is very gratifying to help such individuals and couples execute a strategy that enables them to remain in their homes.

We look forward to continuing to make reverse mortgages to help more seniors live comfortable lives and hope that our ability to do so will not be constrained.

We ardently support Senator Santorum's legislation and Rep. Fitzpatrick's corresponding bill.

Thank you for protecting us – or more importantly, our senior clients – from a repeat of the situation we faced last year when FHA nearly halted the program because it was congressionally limited as to the number of HECMs that could be originated.

I urge you to enact S. 1710 (and H.R. 2892) and eliminate the cap on the number of FHA-insured HECM reverse mortgages that can be made.

Again, I am grateful for the opportunity to testify.