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Comments:

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I would like to comment on the elimination of broker yield spread premium on reverse mortgages and provide the perspective of the lender. Reverse mortgages are offered to consumers in the form of both fixed and adjustable forms. The fixed rate product offers seniors a very low rate (currently as low as 5.49%) that protects them from long term market volatility. The adjustable offers an even lower rate, currently in the area of 3% and enables borrowers to have payment flexibility with regard to how they choose to receive the proceeds of their loan. Prior to mid 2009 when lower rate fixed products gained popularity and became staples of every lenders product suite, the vast majority of seniors chose monthly adjustable HECM's due to the low margins and payment flexibility. Today, the majority of reverse mortgages originated are done on the fixed product due to it's lower rate and to the peace of mind it offers consumers amid the widespread fear of adjustable mortgages that was created during the housing meltdown that began in 2006 and hasn't quite yet ended. Generally, reverse mortgage lenders do not offer more than one rate for the fixed HECM product. Therefore, what you see is one rate and one corresponding yield spread premium. Brokers have ZERO incentive nor do they in most cases even possess the ability to give their borrower a higher rate. Yield spread premium is simply the price the lender will pay the broker for their loan, and it has become a very important buoy to help reverse mortgage brokers stay afloat amid an industry crippled by reductions in home value and the subsequent evaporation of the number of seniors that have enough equity in their homes to qualify. Reverse mortgage brokers have already been capped on loan origination compensation and the industry is currently undergoing huge changes aimed at protecting seniors and ensuing that potential for fraud is limited and policed. Eliminating yield spread premium for reverse mortgage brokers would effectively put the broker community out of business and leave seniors with only 3-5 options (large financial institutions such as Bank of

America, Metlife Bank, Wells Fargo). Brokers are vital to the reverse mortgage industry because they have the ability to give seniors options (products, pricing and speed of closing, which varies by lender) and provide them with an objective picture of the product. They are educators first and foremost, and deserve to be compensated for their endeavors which are directly responsible for improving the lives of seniors.