



Genworth Financial Home Equity Access, Inc.
10951 White Rock Road, Suite 200
Rancho Cordova, CA 95670
866 871.1353
866 375.6139 fax
genworth.com/reversepartner

Annual Recertification

It is the policy of Genworth Financial Home Equity Access, Inc (GFHEA) to update our records and conduct an annual recertification. As an approved partner of GFHEA we ask that you complete and return the attached recertification package. Doing so will allow us to ensure our records are current and accurate, as well as help ensure your own compliance efforts.

We ask that you respond to this request within 30 business days of receipt. Failure to do so could result in deactivation of your account and access to the secure portion of our website.

Broker Approval Department
Genworth Financial Home Equity Access, Inc.



**Genworth Financial Home Equity Access, Inc. (GFHEA)
Non-FHA Approved/Third Party Originator Program (TPO)
Broker Partner Recertification Checklist**

Required Documentation: (forms included in this package)

- Recertification Application**
- TPO Agreement**
Note: Original signature is required.
- Corporate Resolution**
Note: Only required if changes have occurred since last application with GFHEA. Page two of the Corporate Resolution must be signed by an authorized officer listed on page one.
- Current Balance Sheet Template**
Note: Minimum \$50,000 net worth required. Must be completed with “month end” information current within the last 90 days and must be signed by an Authorized Signer.
- Regulation Z Certification Form**
- Code of Ethics Certification Form**

Additional Required Documents:

- Financial Statements**
Notes: Minimum \$50,000 net worth required. Most recent audited financial statements. If audited financials are more than 90 days from the date of this Application, please also include current unaudited financials signed by an Officer/Authorized Signer. The need for Audited Financials may be waived if the state(s) you are licensed in do not require audited financials. Not required for Banks and Credit Union applicants.
- Articles of Incorporation/Organization**
Note: Only required if changes have occurred since last application with GFHEA.
- Resumes**
Note: Only required for Owners/Officers with ownership of 10% or more. Not required for Banks and Credit Unions.

All documents may be faxed or emailed to:

Attn: Broker Care Department
Fax: (866) 375-6139
Email: brokerprogram@genworth.com

Original signatures for the Agreement should be mailed to:

Genworth Financial Home Equity Access, Inc
Attn: Broker Care Department
10951 White Rock Road, Suite 200
Rancho Cordova, CA 95670



Employer Identification Number (EIN)

EIN: _____

NMLS – Home Office

NMLS ID: _____ (If Blank or N/A, please include an explanation)

State Licenses – Home Office

Indicate all states by circling those which your Organization is requesting approval.

- | | | | | | | | | |
|----|----|----|----|----|----|----|----|----|
| AL | AK | AZ | AR | CA | CO | CT | DC | DE |
| FL | GA | HI | ID | IN | IL | IA | KS | KY |
| LA | ME | MD | MA | MI | MN | MS | MO | MT |
| NE | NV | NH | NJ | NM | NY | NC | ND | OH |
| OK | OR | PA | RI | SC | SD | TN | TX | UT |
| VT | VA | WA | WV | WI | WY | | | |

Are you **exempt** from state licensing? Yes No



Owner/Officer Information

Indicate a complete list of Officers including title and percent of ownership. Officer with 10% or more ownership must provide SSN, date of birth and home address; **attach additional sheets if necessary.** Indicate "N/A" for Banks or Credit Union applicants.

Name Title % Ownership

Home Address (if applicable) DOB (if applicable) SSN (if applicable)

Name Title % Ownership

Home Address (if applicable) DOB (if applicable) SSN (if applicable)

Name Title % Ownership

Home Address (if applicable) DOB (if applicable) SSN (if applicable)

Disclosure Questions

- | | Yes | No |
|---|--------------------------|--------------------------|
| 1. Does the Organization have any pending litigations?
(If Yes, please provide details) | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Is your Organization in the practice of offering additional financial services in conjunction with
or after the close of a reverse mortgage transaction?
(If Yes, please provide details) | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Does your Organization have any ownership interest in any third party provider?
(e.g. Title/Escrow services, signing services, appraisal services, etc. If Yes, please provide information
including the Type of provider, Name of provider, and % of ownership. Additionally, please provide a
RESPA Affiliated Business Disclosure and any other required disclosures in regards to ownership
interest) | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Does any branch office of your Organization have sole responsibility for decisions relating to
individuals originating/soliciting mortgage loans with respect to employment or compensation of
branch employees? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Has your company done business under a DBA or any other name in the last 10 years?
(If Yes, please provide a list of all names) | <input type="checkbox"/> | <input type="checkbox"/> |



Please provide information on Disclosure Questions indicated as “Yes” above: **(attach additional sheets if necessary)**

Certifications

- The information contained herein and in the attachments is true and correct. Any material misrepresentation contained herein is grounds for termination of the relationship with Genworth Financial Home Equity Access, Inc. (GFHEA).
- GFHEA is hereby authorized to verify information from any source disclosed herein.
- GFHEA is hereby authorized to request financial information including audited or current unaudited financial statements if deemed necessary.
- The Officers or 10% or more owners of the Company consent to periodic background checks including, but not limited to, criminal history background reports, credit bureau reports, and Mortgage Asset Research Institute (“MARI”) reports. These checks may include former names and DBA’s.
- The Applicant certifies that it has read and understands State and Federal regulations with respect to Net Branching or prohibited branch arrangements. Additionally, Applicant acknowledges that it has read HUD mortgagee letter 00-15 regarding prohibited branch arrangements and is in compliance with HUD’s position pursuant to that mortgagee letter. Applicant accepts all liability for actions of its branch offices and employees working in those offices, for all loans delivered to GFHEA.
- The Organization will be subject to recertification annually.

Signature of Authorized Signer

Date

Printed Name

Title



Genworth Financial Home Equity Access, Inc.

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THIRD PARTY ORIGINATOR AGREEMENT

This Third Party Originator Agreement (“Agreement”) is made and entered into this _____ day of _____, 20____, by and between Genworth Financial Home Equity Access, Inc. (“Genworth”), a CA Corporation and _____ (“Correspondent”).

WITNESSETH:

WHEREAS, Correspondent is duly licensed in each state where Correspondent conducts business and is authorized to correspond Federal Housing Administration (FHA) insured home equity conversion loans through a sponsoring entity, and other reverse mortgage loans (hereinafter “Loans”), and desires to deliver loan application packages for Loans to Genworth;

WHEREAS, Genworth desires to accept from Correspondent certain loan applications for such Loans for processing, underwriting and preparation of settlement documents upon and subject to the terms and conditions of this Agreement.

NOW, THEREFORE, the parties hereto, in consideration of the promises and agreements set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, mutually warrant, covenant and agree as follows:

1. Delivery of Loan Packages. Correspondent agrees to deliver to Genworth the loan applications for Loans that are taken by Correspondent, together with all related materials required pursuant to the terms and upon the conditions of this Agreement (collectively, the "Loan Packages"). Concurrent with the delivery of a Loan Package to, and its acceptance by, Genworth hereunder, Correspondent shall be deemed to have assigned, and hereby does assign, all of its rights, title and interest in and to such Loan Package to Genworth. Correspondent shall only deliver to Genworth Loan Packages for those loan programs that Genworth offers and approves from time to time that meet this Agreement and the programs outlined in the Guidelines (as defined herein).

2. Loan Package Standards. For a Loan Package delivered to Genworth to qualify for acceptance by Genworth hereunder, the Loan Package must be originated in accordance with, and satisfy all requirements of, (1) all applicable federal, state and local laws, ordinances, regulations and rules, including without limitation, section 255 of the National Housing Act, the FHA HECM regulations and applicable Mortgagee Letters, and the HUD HECM Handbook, 4235.1, Fannie Mae Guides, as applicable to HECM loans, the federal Truth-in-Lending Act, as amended ("TILA"), the federal Equal Credit Opportunity Act, as amended ("ECOA"), and the federal Real Estate Settlement Procedures Act of 1974, as amended ("RESPA"), (2) any and all underwriting standards, loan product descriptions, policies, procedures, guidelines, memoranda and other requirements issued by Genworth from time to time, and all amendments thereto (collectively, the "Guidelines"), and (3) this Agreement. Upon the acceptance of a Loan Package by Genworth hereunder, Genworth will underwrite the Loan Package. The decision to reject a Loan Package or to approve a Loan in connection with a Loan Package shall be made by Genworth in its sole discretion. The rejection of Loan Packages and the origination of loans in connection with Loan Packages will be made in the name of Genworth.



3. Guidelines. The Guidelines are incorporated herein by reference, and made a part hereof in all respects. Genworth will provide Correspondent with a copy of its Guidelines. Genworth reserves the right, in its sole discretion, to revise the Guidelines, and Genworth will notify Correspondent of all such revisions. Genworth may revise the Guidelines at anytime in its sole discretion, and, notwithstanding that Correspondent takes a loan application to be delivered as part of a Loan Package to Genworth pursuant to this Agreement, any revisions to the Guidelines will apply to such loan applications delivered as part of a Loan Package to Genworth pursuant to this Agreement.

4. Loan Package Contents. Each Loan Package shall contain the material specified in the Guidelines, and as otherwise required by this Agreement.

5. Responsibilities and Obligations of Parties; Correspondent Compensation.

5.1 Correspondent Responsibilities. During the term of this Agreement, in addition to all other obligations and responsibilities contained in this Agreement, Correspondent shall perform those services as specified in the Guidelines.

5.2 Correspondent Compensation. In consideration for the services performed by the Correspondent hereunder, Correspondent may be paid an origination fee as agreed between the Correspondent and the applicant, as set forth in the Guidelines, and Genworth may also pay Correspondent a fee, as set forth in the Guidelines. All fees paid to Correspondent by applicant and/or Genworth hereunder shall represent the fair market value for such services in the marketplace in which such services are provided. Genworth shall pay these fees to Correspondent only in connection with Loan Packages submitted by Correspondent hereunder that result in loans that are closed and funded by Genworth hereunder.

5.3 Genworth Responsibilities. Genworth shall be responsible for the following activities:

(a) taking all commercially reasonable actions (with the cooperation of Correspondent) as may be prudent for Genworth to become a sponsor of Correspondent. All costs, expenses and fees associated with Correspondent becoming an FHA-approved loan correspondent or, as applicable, sponsored by Genworth, shall be the exclusive responsibility of the Correspondent;

(b) underwriting and, for acceptable Loans, promptly closing Loans on Loan Packages that have been approved for funding, which Loans may be in the name of Genworth or, where appropriate, in the name of Genworth's investors;

(c) performing such other acts which are reasonably related or necessary to the above-mentioned activities.



6. Loan Pricing.

6.1 Pricing Terms. Genworth regularly will notify Correspondent of Genworth's interest rates and other pricing terms ("Pricing Terms") applicable to Loan Packages that Correspondent delivers to Genworth hereunder. Correspondent acknowledges and agrees that such Pricing Terms are subject to change at any time without advance notice. Such pricing shall be binding on Genworth only if a loan applicant has locked in his rate as described in section 6.2 below.

6.2 Interest Rates. Each Loan Package that Correspondent delivers to Genworth must have the interest rate therein set as specified in the Guidelines. Correspondent must have correctly followed all Genworth procedures contained in the Guidelines in order for Genworth to honor the pricing terms for each Loan Package submitted to it by Correspondent.

7. Correspondent Agreement With Applicants. In connection with each Loan Package to be delivered to Genworth hereunder, Correspondent must enter into a written disclosure and agreement with the applicant as specified in the Guidelines.

8. Notice Regarding Loan Packages and Status. Correspondent shall immediately notify Genworth upon learning that, or having reason to believe that:

(a) Any information contained in a Loan Package previously delivered to Genworth hereunder is not true or correct; or

(b) Any governmental agency that has granted Correspondent a license, registration, exemption or other approval necessary for Correspondent to perform under this Agreement has made an adverse finding, or taken an adverse action, with regard to Correspondent or any of its owners, directors, officers, partners or employees.

Correspondent also shall immediately notify Genworth of any change in ownership, financial condition or senior management of Correspondent .

9. Financial Statements; Licenses; Examinations. Correspondent shall provide Genworth with copies of Correspondent's financial statements, and other information, as specified in the Guidelines.

10. Relationship of Parties.

10.1 Independent. Correspondent is an independent contractor and shall not represent itself in any manner to be an agent, employee, representative, partner or joint venturer of Genworth.



11. Non-Solicitation and Early Payoff.

11.1 Non-Solicitation. With respect to any Loan made by Genworth in connection with a Loan Package delivered by Correspondent to Genworth hereunder, Correspondent shall not solicit the related borrower(s) for any purpose, including the refinancing of such Loan.

11.2 Correspondent must refund to Genworth any and all origination fees and other compensation received or paid to Correspondent in connection with any Loan delivered to Genworth under this Agreement where any such Loan is refinanced within 12 months of the date of the Loan's closing.

12. Protecting Information

12.1 Proprietary and Confidential Information. Correspondent acknowledges that certain items and types of confidential and proprietary information (collectively, the "Proprietary Information"), including without limitation this Agreement, the Guidelines, the Pricing Terms, the trade and service marks of Genworth, software and the forms, disclosures and other documents provided to Correspondent in connection with this Agreement, are owned and controlled by Genworth and constitute valuable assets and trade secrets of Genworth. Correspondent shall not sell, lease, assign, license, utilize, distribute, publish or duplicate all or any part of the Proprietary Information, whether received in writing or orally, without obtaining Genworth's prior written consent. Correspondent agrees not to disclose any part of the Proprietary Information to any person or entity except to directors, officers and employees of Correspondent who are required to have knowledge of such information in the course of Correspondent's exercise of its rights and obligations under this Agreement. Correspondent agrees to cooperate with Genworth in enforcing the provisions of this section against any unauthorized use or disclosure of the Proprietary Information by present or former directors, officers or employees of Correspondent or by others. Upon termination of this Agreement for any reason, Correspondent agrees promptly to return to Genworth all of the Proprietary Information provided to Correspondent, to refrain from disclosing any of the Proprietary Information to any persons, and to take all necessary steps to discontinue immediately its use of the Proprietary Information. The obligations of Correspondent under this section 12.1 shall survive the termination of this Agreement.

12.2 Personal Information (Massachusetts Only). Genworth and Correspondent agree that they (i) shall maintain appropriate administrative, technical and physical safeguards to protect the security, confidentiality and integrity of consumers' personal information, including maintaining security measures designed to meet the Massachusetts Standards for the Protection of Personal Information of Residents of the Commonwealth published in 201 CMR 17.00, and (ii) shall otherwise comply with all applicable laws and regulations regarding the privacy or security of consumers' personal information. For purposes of this section, the term personal information shall have the meaning assigned to it in the Standards for the Protection of Personal Information of Residents of the Commonwealth, 201 CMR 17.00.

13. Representations and Warranties of Correspondent. Correspondent represents and warrants to Genworth as follows, as of and from the date of this Agreement, the date of submission of each Loan Package and continuing at all times during the existence hereof:



(a) Correspondent is duly organized, validly existing and in good standing under the laws of the state of its formation. Correspondent is duly qualified, licensed and approved to transact business and to conduct the activity contemplated by this Agreement in all states in which such qualification, licensure or approval is required.

(b) Correspondent has the full power and authority to enter into and consummate all transactions contemplated by this Agreement, has duly authorized the execution, delivery and performance of this Agreement, and this Agreement constitutes a legal, valid and binding obligation of Correspondent enforceable against it in accordance with its terms, subject to bankruptcy, insolvency and other laws affecting creditors' rights generally.

(c) The execution, delivery and performance of this Agreement by Correspondent, its compliance with the terms and conditions hereof, and consummation of the transactions contemplated hereby shall not violate, conflict with, or result in a breach of any provisions of its charter documents, any instrument relating to the conduct of its business, or any other agreement to which it may be a party. There are no judicial or governmental actions, suits, proceedings or investigations pending or threatened against or affecting Correspondent or its assets that could have a material adverse affect on the ability of Correspondent to perform its obligations under this Agreement.

(d) In connection with each Loan Package submitted by Correspondent to Genworth hereunder, Correspondent affirms that all information contained in such Loan Package is accurate and complete, and that the Loan Package otherwise meets the Guidelines and this Agreement.

14. Indemnification.

14.1 Indemnification by Correspondent. Correspondent shall indemnify and hold Genworth harmless against and in respect of, and shall reimburse Genworth for, any and all claims, damages, liabilities, expenses, carrying costs, penalties, fines, forfeitures, actions, causes of action and judgments (including without limitation attorney's fees), arising out of, resulting from or relating to (a) any misrepresentation made by Correspondent in this Agreement, (b) any breach of a representation or warranty of Correspondent, or the non-fulfillment of any covenant, agreement or condition of Correspondent, contained in this Agreement, including without limitation the failure of Correspondent to comply with the requirements and guidelines of the Guidelines and applicable federal, state and local laws, ordinances, regulations and rules, (c) the failure of Correspondent to follow Genworth's lock-in procedures, (d) any dispute by an applicant regarding the fee charged by the Correspondent, or (e) the suspension or termination of this Agreement by Genworth pursuant to section 16.

14.2 Indemnification by Genworth. Genworth shall indemnify and hold Correspondent harmless against and in respect of, and shall reimburse Correspondent for, any and all claims, damages, liabilities, expenses, carrying costs, penalties, fines, forfeitures, actions, causes of action and judgments (including without limitation attorney's fees), arising out of, resulting from or relating to the non-fulfillment of any covenant, agreement or condition of Genworth, contained in this Agreement.



15. Repurchase.

15.1 Event of Repurchase. In the event that (i) Correspondent breaches any covenant or requirement set forth in this Agreement or the Guidelines, or (ii) any of the representations or warranties made herein by Correspondent are found to be false, incorrect or otherwise misleading at the time made or at any time thereafter, or (iii) if due to the fault, actions, or inaction of the Correspondent, including but not limited to non-compliance with the Guidelines or breach of this Agreement, an investor which purchased a loan from Genworth has demanded or requested repurchase of such loan, or an insurer that has insured a Loan (including the FHA) has denied a claim with respect to such insurance or requested indemnification with respect to a Loan, or such FHA or other mortgage insurance is not obtained or lapses, (iv) the borrower or any other party to the mortgage transaction made a false representation in connection with such transaction, whether the Correspondent was a party to or had knowledge of such false representation, or should have known of such fraud or false information, or (v) a loan was originated, processed or otherwise dealt with by Correspondent, or any other person or entity on behalf of Correspondent, in any manner which, in Genworth's sole judgment, Fannie Mae, or a prudent lender could consider improper, deceptive or fraudulent, then Correspondent, upon receipt of written demand from Genworth, shall immediately repurchase each loan relating thereto in accordance with this section 15 or the Guidelines. Genworth's review of, or failure to review, the Loan Package or any portion of a Loan Package shall not affect Genworth's right to demand repurchase of a loan or any other relief provided by this Agreement.

15.2 Repurchase Price. The repurchase price shall be equal to the sum of: (i) the amount of the premium or other compensation paid by Genworth to Correspondent in connection with such Loan hereunder, (ii) all costs incurred by Genworth in underwriting, closing, funding or otherwise related to or associated with the Loan, (iii) the unpaid principal balance of the Loan, (iv) all accrued but unpaid interest thereon at the applicable note rate through the date of repurchase, (v) any unreimbursed advances, costs or expenses made or incurred by Genworth in connection with such Loan, and (vi) if Genworth has sold the loan, all other costs incurred by Genworth in purchasing the Loan from the investor or pool.

15.3 Repurchase Procedure. Within three business days after receipt of written demand for repurchase from Genworth, Correspondent shall remit the repurchase price, as determined in section 15.2, to the bank account designated by Genworth by wire transfer of immediately available funds. Promptly following receipt by Genworth of such funds, Genworth shall release to Correspondent all loan documents in Genworth's possession with respect to such repurchased Loan and shall execute and deliver such instruments of transfer or assignment, in each case without recourse, as shall be necessary to vest Correspondent, or its designee, with title to such repurchased loan.

15.4 Opportunity to Cure. Genworth shall provide Correspondent with the opportunity to cure, to the satisfaction of Genworth or the investor, as applicable, any and all defects related to the loan that gave rise to the repurchase obligation under this section 15. Such opportunity to cure shall exist for a period of time that is reasonable, in the sole judgment of Genworth, under the circumstances (but in no event greater than 30 days), and shall be at Correspondent's sole cost and expense.

16. Term; Termination and Suspension.



16.1 Term. The term of this Agreement shall commence on the date of this Agreement and shall continue until terminated or suspended as provided in this section 16.

16.2 Termination by Genworth With Cause. Genworth may terminate this Agreement immediately upon delivery to Correspondent of notice of termination in the event that:

(a) There is a breach of a representation or warranty of Correspondent, or the non-fulfillment of any covenant, agreement or condition of Correspondent, contained in this Agreement or in any document furnished or to be furnished by Correspondent pursuant to this Agreement or the Guidelines.

(b) Correspondent makes a misrepresentation in this Agreement, or in connection with any document furnished or to be furnished by Correspondent pursuant to this Agreement or the Guidelines.

(c) Genworth determines, in its sole discretion, that there was fraud committed in connection with a Loan Package delivered to Genworth hereunder.

(d) Correspondent, without the prior written consent of Genworth, reorganizes its structure, sells or otherwise disposes all or substantially all of its assets, permits a change in ownership, or changes its senior management.

(e) Any governmental agency that has granted Correspondent a license, registration, exemption or other approval necessary for Correspondent to perform under this Agreement terminates, suspends or restricts Correspondent's approved status or restricts the activities of Correspondent that are subject to the regulation of such agency.

(f) If any law, ordinance, regulation, rule, court decision, administrative ruling, or other act of a governmental body shall, in the sole judgment of Genworth, render this Agreement (or any parts thereof) illegal or materially change the rights or obligations of Genworth hereunder.

16.3 Effect of Termination. If Genworth terminates this Agreement with cause pursuant to section 16.2, then (a) Genworth, in its sole discretion, may (i) accept the Loan Packages that at the time of termination have been delivered by Correspondent to Genworth pursuant hereto, but have not been accepted yet by Genworth, or (ii) reject any or all Loan Packages that at the time of termination have been delivered by Correspondent to Genworth pursuant hereto, but not accepted yet by Genworth and return any or all such Loan Packages to Correspondent without further obligation, and (b) except as otherwise provided in this Agreement, the respective obligations of Correspondent and Genworth under this Agreement shall cease on the date of termination. Notwithstanding the termination of this Agreement pursuant to section 16.2, the warranties and representations of the parties contained in this Agreement, the respective obligations of each party hereunder to indemnify and hold harmless the other party pursuant to section 14, Correspondent's obligations under section 11 with regard to non-solicitation and non-competition, section 12.1 with regard to Proprietary Information and section 15 with regard to repurchases, and Genworth's obligation under section 7 to instruct the closing agent to remit the amount of the Correspondent fee to Correspondent for each closed loan that results from a Loan Package delivered by Correspondent to Genworth hereunder, shall survive the



termination of the Agreement and shall remain in full force and effect until such time as all of the mortgage loans originated by Genworth in connection with Loan Packages delivered to Genworth hereunder have been paid in full, foreclosed or otherwise retired.

16.4 Suspension. Whenever Genworth believes, in its sole discretion, that grounds may exist to terminate this Agreement with cause pursuant to section 16.2, then it shall be entitled to suspend operation of this Agreement pending the completion by Genworth of an investigation. Such a suspension shall be effective immediately upon delivery to Correspondent of notice thereof. Upon completing its investigation, Genworth shall deliver to Correspondent notice of its intention either to terminate this Agreement pursuant to section 16.2, or to reinstate operation of this Agreement as of the date set forth in the notice. Upon receiving notice of suspension of this Agreement pursuant to this section 16.4, Correspondent shall cease delivering Loan Packages to Genworth and Genworth is not required to accept any Loan Packages previously delivered to, but not yet accepted by, Genworth. Throughout any such period of suspension, all warranties and representations of the parties contained in this Agreement, the respective obligation of each party hereunder to indemnify and hold harmless the other party pursuant to section 14, Correspondent's obligations under section 11 with regard to non-solicitation and non-competition, section 12.1 with regard to Proprietary Information and section 15 with regard to repurchases, and Genworth's obligation under section 7 to instruct the closing agent to remit the amount of the Correspondent fee to Genworth hereunder, shall remain in full force and effect.

16.5 Termination Without Cause. Either party may terminate this Agreement, without cause, upon thirty (30) days notice to the other party. In the event of termination under this section 16.5, the procedures under section 16.3 of this Agreement shall not apply.

16.6 No Liability. Except as expressly otherwise provided herein, Genworth shall have no liability to Correspondent, and in no event shall Genworth have any liability to any other party, in connection with the suspension or termination of this Agreement.

17. Facsimile and E-Mail Communications. By executing this Agreement, Correspondent agrees to receive communications from Genworth via facsimile, electronic (e-mail) communication, or the Genworth website. This does not obligate Genworth to communicate with Correspondent via facsimile, e-mail communications, or the Genworth website, and Correspondent acknowledges that, although e-mail can enhance significantly the ability to transmit information in a more timely and efficient manner, the security of e-mail communications cannot always be assured and there is a potential for e-mail communications to be received, or intercepted, by unintended parties, and Correspondent accepts and assumes the exposure and liability associated therewith. Any update will constitute an amendment to this Agreement. By executing this Agreement, the Correspondent acknowledges and agrees to be bound by the terms and conditions of the Program Guidelines and Documents as so amended.

18. Attorney's Fees and Expenses. If any party hereto shall bring suit against the other party as a result of any alleged breach or failure by the other party to fulfill or perform any covenants or obligations



under this Agreement, then the prevailing party obtaining judgment in such action shall be entitled to receive from the non-prevailing party, reasonable attorney's fees incurred by reason of such action and all costs of suit and preparation at both trial and appellate levels.

19. Notices. All notices and statements to be given under this Agreement are to be in writing, delivered by hand, facsimile, telegram, overnight express or similar service, or first class United States mail, postage prepaid and registered or certified with return receipt requested, to the following addresses or facsimile numbers, as applicable (which addresses and facsimile numbers may be revised by notice):

Genworth:

Genworth Financial Home Equity Access, Inc.
10951 White Rock Road, Suite 200
Rancho Cordova, California 95670
Telephone Number: (866) 871-1353
Facsimile Number: (866) 375-6139
Attention: Broker Care

Correspondent:

Telephone Number: _____
Facsimile Number: _____
Email Address: _____
Attention: _____

All notices and statements shall be deemed given, delivered, received and effective upon personal delivery or receipt of facsimile or telegram, one calendar day after sending by overnight express or any similar service or three calendar days after mailing by first class United States mail in the manner set forth above.

20. Entire Agreement; Amendment. This Agreement, and the documents, instruments and agreements to be executed and delivered pursuant to this Agreement, constitute the entire agreement between the parties with respect to the subject of the transactions contemplated hereby and supersede all prior letters or agreements with respect thereto. This Agreement may be amended and any provision hereof waived, but only in writing signed by the party against whom such amendment or waiver is sought to be enforced.

21. Counterparts. This Agreement may be executed in any number of counterparts. Each counterpart so executed shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

22. No Waivers; Remedies Cumulative. The waiver of any breach of this Agreement shall not be construed to be a waiver of any other or subsequent breach. All remedies afforded by this Agreement for a breach hereof shall be cumulative; that is, in addition to all other remedies provided for herein or by law or in equity.



23. Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and, except as otherwise limited herein, their respective successors and permitted assigns.

24. Assignment. Correspondent may not assign this Agreement without the prior express written consent of Genworth.

25. Governing Law. Both Genworth and Correspondent agree that this Agreement shall be governed by, as applicable, federal law and the law of the State of California, without giving effect to the choice of law principles of the State of California. The parties agree to submit themselves to the jurisdiction of the courts of the State of California, venued in Sacramento.

26. Dispute Resolution. Any dispute arising out of or relating to this Agreement, including the breach, termination or validity thereof, shall be finally resolved by arbitration by three arbitrators in accordance with the CPR International Institute for Conflict Prevention and Resolution Rules for Non-Administered Arbitration. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq., and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. Arbitration proceedings shall take place in the city of the responding party's location. Except as may be required by law, neither party nor any arbitrator may disclose the existence, content, status or results of any arbitration hereunder without the prior written consent of both parties. The procedures specified in this section shall be the sole and exclusive procedures for the resolution of disputes between the parties arising out of or relating to this Agreement; provided, however, that a party may file a complaint to seek a preliminary injunction or other provisional judicial relief to protect such party's intellectual property rights, confidential information, or customer information. Despite such action the parties will continue to participate in good faith in the procedures specified in this section. Each party will bear their own expenses for any actions arising under this Section.

27. Real Estate Settlement Procedures Act. In connection with this Agreement, Correspondent understands and acknowledges the following with respect to the requirements of the Real Estate Settlement Procedures Act:

- (a) Correspondent acknowledges that all Good Faith Estimates must be issued in accordance with the Real Estate Settlement Procedures Act;
- (b) Correspondent acknowledges that if Genworth, as the mortgage lender, accepts the loan package with the Good Faith Estimate as provided by Correspondent, and absent changed circumstances as outlined by the Real Estate Settlement Procedures Act, Correspondent and Genworth, as the mortgage lender, will be bound by the terms and estimates stated to the applicant in the Good Faith Estimate if the applicant accepts the Good Faith Estimate;
- (c) Correspondent acknowledges that if the actual settlement costs and fees associated with the closing of a mortgage loan are out of tolerance at closing, according to the applicable tolerance limitations in place at the time of closing and according to



applicable rules and regulations promulgated under the Real Estate Settlement Procedures Act, then Genworth may be responsible under such regulations to correct and cure any such tolerance violations to the borrower within thirty (30) days of the closing date;

- (d) Correspondent further acknowledges that, in consideration of Genworth's responsibility to correct and cure tolerance violations associated with quoted fees on the Good Faith Estimate as described above, Correspondent shall, at Genworth's election, either (i) make such tolerance corrections out of proceeds to be received by Correspondent in connection with the applicable loan, or (ii) Correspondent shall reimburse Genworth for any such tolerance violations at the closing of each such loan requiring such tolerance cure or upon Genworth's later demand.

28. Release. Except as otherwise specifically provided herein, each party expressly releases the other from any liability in the event either of said parties cannot fulfill any obligation hereunder if such obligation is or becomes illegal under any provisions of local, state or federal laws governing same.

29. Benefit of Parties Only. This Agreement is made for the sole benefit of the parties hereto and of their respective successors and permitted assigns. Except as otherwise expressly provided in this Agreement, nothing herein shall create, or be deemed to create, a relationship between the parties hereto, or either or them, and any third person in the nature of a third party beneficiary, equitable lien or fiduciary relationship.

30. Construction. This Agreement shall be construed fairly as to both parties and not in favor of or against either party, regardless of which party prepared the Agreement.

31. Enforceability. It is the desire and intent of Correspondent and Genworth that the provisions of this Agreement be enforced to the fullest extent permissible under the law and public policy of each jurisdiction in which enforcement is sought. Accordingly, if any portion of this Agreement is adjudicated to be invalid or unenforceable, then this Agreement shall be deemed amended to delete only such portion of this Agreement in the particular jurisdiction in which such adjudication is made.

32. General Interpretive Principles. For purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) The use of the singular form includes the plural, and the use of the plural form includes the singular.

(b) The use of any gender herein shall be deemed to include the other gender.

(c) The captions used in this Agreement are inserted for convenience only and are in no way intended to describe, interpret, define or limit the scope or content of this Agreement or any provision hereof.

(d) The words "herein", "hereof", "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular provision.



(e) The term "include" or "including" shall mean without limitation by reason of enumeration.

(f) Each reference to a "section" shall be to the specified section(s) of this Agreement and shall include all subsections of such section(s).

(g) Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder.

IN WITNESS WHEREOF, each of the undersigned parties has caused this Agreement to be duly executed and delivered by one of its duly authorized officers, all as of the date first above written.

GENWORTH:

Genworth Financial Home Equity Access, Inc.

By: _____
Name: _____
Title: _____

CORRESPONDENT:

By: _____
Name: _____
Title: _____



SOFTWARE LICENSE AGREEMENT

THIS AGREEMENT is made by and between Genworth Financial Home Equity Access, Inc. (Genworth) ("Licensor") and

_____, ("Licensee").

WHEREAS, Licensee desires to license from Licensor a certain System (as hereinafter defined) upon the terms hereof; and

WHEREAS, Licensor is willing to grant to Licensee certain non-exclusive rights in and to the System as specified herein.

NOW, THEREFORE, the parties agree as follows:

1. LICENSE

Subject to the terms and conditions of this Agreement, Licensor hereby grants to Licensee, and Licensee accepts from Licensor, a non-exclusive license to use the System together with a non-exclusive right to use any upgrades, enhancements, modifications, and improvements to the System, directly or indirectly, but only for purposes of Licensee's own business and operations. Licensee shall not have the right to sell, transfer, sublicense or distribute in any manner to any person the System, or any portion, component, enhancement or modification thereof, other than to Licensee's consolidated group of affiliates.

2. CONDITIONS

(a) System. The "System" will mean only the current versions of the application programs referred to as the Genworth Broker Portal, as they exist on the date of this Agreement, including, but not limited to, (i) all user guides, installation guides, narrative descriptions, file layouts, logic flow diagrams, source and load modules, output reports, test and other data, test programs and other information that are presently used in connection with such application programs and (ii) all trade names, trademarks, service marks and other words or symbols that are presently used to identify such application programs (the "Marks"). The "System" will include any upgrades, enhancements, modifications, and improvements to the System, that Licensor may develop, directly or indirectly, after the date of this Agreement, if any (the "Developments") but only prior to the date of termination hereof.

(b) DISCLAIMER OF IMPLIED WARRANTIES. THE SYSTEM IS PROVIDED "AS IS," WITH ALL FAULTS AND DEFECTS, AND GENWORTH MAKES NO REPRESENTATION OR WARRANTY WITH RESPECT TO THE SYSTEM. GENWORTH DISCLAIMS, AND USER WAIVES AND RELEASES ITS RIGHTS UNDER, ALL WARRANTIES, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE, WITH RESPECT TO ANY BUG, ERROR, OMISSION, DEFECT, DEFICIENCY, OR NONCONFORMITY IN THE SYSTEM, INCLUDING, BUT NOT LIMITED TO, ANY: (A) IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE; (B) IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF



DEALING, OR USAGE OF TRADE; OR (C) CLAIM OF INFRINGEMENT. USER ASSUMES TOTAL RESPONSIBILITY FOR THE SELECTION OF THE SYSTEM TO ACHIEVE USER'S INTENDED RESULTS, AND FOR THE USE AND RESULTS OBTAINED FROM THE SYSTEM, INCLUDING, BUT NOT LIMITED TO, THE FINANCIAL CALCULATIONS, LEGAL DOCUMENTS, DISCLOSURES AND RELATED FORMS AND AGREEMENTS RENDERED BY THE SYSTEM. USER UNDERSTANDS AND ACKNOWLEDGES THAT: (A) GENWORTH IS NOT A LICENSED ATTORNEY AND THUS MAY NOT RENDER LEGAL ADVICE; AND (B) USER SHOULD SEEK INDEPENDENT COUNSEL TO ENSURE THAT THE LEGAL DOCUMENTS, DISCLOSURES AND RELATED FORMS AND AGREEMENTS RENDERED BY THE SYSTEM COMPLY WITH APPLICABLE LAW. USER ASSUMES TOTAL RESPONSIBILITY FOR THE USER DATA, REGARDLESS OF WHO INPUTS SUCH DATA INTO THE SYSTEM. GENWORTH SHALL BE ENTITLED TO RELY ON THE USER DATA WITHOUT HAVING TO REVIEW SUCH DATA FOR ACCURACY OR COMPLETENESS. USER ACKNOWLEDGES THAT GENWORTH'S LACK OF REVIEW SHALL NOT RESULT IN A WAIVER OF OR IMPAIR THE RIGHTS OF GENWORTH UNDER THIS AGREEMENT OR ANY OTHER AGREEMENT BETWEEN THE PARTIES.

(c) Maintenance and Support. Licensor will have no obligation, express or implied, to Licensee to (i) update, revise or otherwise maintain the System or (ii) provide any such person with diagnostic, corrective or other support services in connection with its use, modification, licensing, marketing, maintenance or support of the System, except as expressly provided herein.

(d) Marks. Licensor will have no obligation, express or implied, to register, maintain or renew the registration of any Mark.

(e) Non-Exclusivity. Licensor may license, sublicense or otherwise market the System, directly or indirectly, to any person without restriction. Licensee has only a limited, non-exclusive license under this Agreement.

(f) Licensee agrees that they will only use the System in the origination of loans that are delivered to licensor.

3. CONFIDENTIALITY

Licensee hereby agrees to maintain the confidentiality of the System and not disclose same to any other party for use, review, evaluation or for any other purpose. Licensee agrees that the System is propriety to Licensor and disclosure or distribution thereof would result in substantial damages to Licensor.

4. INDEMNITY

Licensee will indemnify Licensor against all claims, damages, losses, liabilities and expenses (including reasonable attorneys' fees) that Licensor may incur or to which it may be subject if Licensee uses, distributes or discloses the System in a manner that exceeds the scope of the license contemplated hereunder or Licensee breaches or violates any representation, warranty or obligation under this Agreement.



5. **ASSIGNMENT**

No party may assign this Agreement or any of its rights or obligations hereunder without the prior written approval of the other parties. Any purported assignment without such approval will be null and void.

6. **WAIVER, AMENDMENT**

Any waiver, amendment or other modification of this Agreement will not be effective unless in writing and signed by the party against whom enforcement is sought.

7. **TERM**

The license granted under this Agreement shall be perpetual and continue in full force and effect. Provided, however, that Licensor shall have the right to terminate this Agreement immediately upon the discovery of the unauthorized use of the license granted hereunder by Licensee. In such event, Licensee shall return the System and components thereof immediately.

The license granted hereunder to Developments to the System shall be applicable only to those Developments made, applied and incorporated into the System prior to the termination date hereof.

8. **GOVERNING LAW**

This Agreement will be governed by and construed in accordance with the laws of the State of California, without regard to its principles of conflict of laws.

9. **ENTIRE AGREEMENT**

This Agreement and its Exhibits constitute the complete and entire statement of all terms, conditions and representations of the agreement between the parties with respect to its subject matter.

IN WITNESS WHEREOF, the parties cause this Agreement to be executed by their duly authorized representatives identified below.

LICENSEE: _____
By: _____
Name: _____
Title: _____

LICENSOR: Genworth Financial Home Equity Access, Inc.
By: _____
Name: _____
Title: _____



CORPORATE RESOLUTION

OF

RESOLVE, _____

(“Broker”), hereby approves, ratifies, confirms and adopts the terms and conditions of the Wholesale Agreement (such agreement, together with any amendments thereto, being referred to herein as the “Agreement”) relating to the origination of reverse mortgages, between Genworth Financial Home Equity Access, Inc. (GFHEA) and Broker in substantially the form presented to this Board for review at this meeting:

FURTHER RESOLVED, that any of the following persons:

Name

Signature

Name

Signature

Name

Signature

(each, an “Authorized Officer”) be, and they hereby are, authorized to execute and deliver, on behalf of Broker, the Agreement and any further amendments, as deemed necessary or appropriate by any such Authorized Officer, to the Agreement.

FURTHER RESOLVED, that Broker authorized, ratified and confirms (i) origination of Reverse Mortgage Loans (as defined in the Agreement) in accordance with the provisions of the Agreement and (ii) the performance of the obligations, covenants and agreements of Broker as set forth in or contemplated by the Agreement.

FURTHER RESOLVED, that any Authorized Officer be, and each of them hereby is, authorized, jointly and severally, to take any and all action and execute and deliver any and all documents in the name and on behalf of Broker as may be deemed necessary or appropriate by any such Authorized Officer to carry out the purposes and intend of the forgoing resolutions and to perform the obligations of the Broker under the Agreement.



FURTHER RESOLVED, that all actions heretofore taken by the officers of Broker, in its name and on its behalf, in connection with any of the forgoing matters are hereby in all respects ratified, confirmed and approved by the Board of Directors of Broker.

FURTHER RESOLVED, that Broker is authorized to enter into similar documentation with Genworth for subsequent mortgage purchase programs of a similar nature as the Authorized Officers, or any of them, may deem, in their discretion, to be consistent with the terms and powers conferred under the foregoing resolutions.

CERTIFICATE

I, _____ Secretary of Broker, certify that the above and foregoing is a true and correct copy of the resolutions passed at a meeting of the Board of Directors of Broker duly called and held on the _____ day of _____, 20____ and the same now appears in the minutes book of Broker and the minutes reflect that a quorum was present. I further certify that as of the date hereof the foregoing resolutions are in full force and effect and have not been modified or rescinded.

_____ Secretary/Authorized Officer

Balance Sheet

Date as of month End: _____

<u>ASSETS</u>	<u>LIABILITIES</u>
1. Cash _____	15. Short term borrowings _____
2. Short term Investments _____	16. Long term borrowings _____
3. Loans receivable _____	17. Reserves _____
4. Less reserve for bad debt (_____)	18. Dividends payable _____
5. Total liquid & earning assets _____	19. Other liabilities* _____
6. Inter-company loans _____	20. TOTAL LIABILITIES _____
7. Investments in affiliates _____	21. Net Worth _____
8. Other investments* _____	22. Capital stock:
9. Furniture, fixtures, equipment & vehicles (less depreciation) _____	a. Preferred _____
10. Building & land (less depr.) _____	b. Common _____
11. Repossessed property _____	c. Less treasury stock _____
12. Prepaid expenses _____	23. Paid in surplus _____
13. Other assets* _____	24. Retained earnings _____
14. TOTAL ASSETS _____	25. Total shareholders' equity _____
	26. TOTAL LIABILITIES & NET WORTH _____

TANGIBLE NET WORTH _____

Tangible Net Worth should represent item 25 minus item 6 and item 7.

Total Shareholders' Equity is the total of item 21, 22, 23, and 24.

*please list out on a supplemental attachment (or space provided below) what makes up Other investments, Other assets, and/or Other liabilities

Signed by an Authorized Signer/Officer of the Company: _____



Regulation Z/Loan Originator Compensation Certification Form

By signing below, you certify that you have read and that your company, all employees and contractors are in compliance with the loan originator compensation rules set forth in the Truth in Lending Act, Regulation Z, effective April 1, 2011. The complete text can be found at <http://www.fdic.gov/regulations/laws/rules/6500-1400.html>.

Specifically, please certify that on behalf of your company you agree to the following in connection with fixed rate (closed-end) reverse mortgage loans:

- Your company, all employees and contractors will adhere to the new rule, including compensating loan originators in accordance with the new rule.
- Your company, all employees and contractors will comply with the anti-steering prohibition by ensuring all applicants have been presented with loan options from a significant number of creditors with which your company regularly does business, that include the product which offers the lowest interest rate and the product that offers the lowest total origination points or fees.
- Your company, all employees and contractors will adhere to the prohibition against receiving compensation based on loan terms or conditions, except loan amount.

Signature of Authorized Representative

Date

Printed Name

Title



Code of Ethics Certification Form

Included in this package are the following documents from the National Reverse Mortgage Lenders Association (NRMLA). Please review all documents including:

- NRMLA Code of Ethics & Professional Responsibility
- Ethics Advisory Opinion 2008-01: Ethical Advertising
- Ethics Advisory Opinion 2009-01: Ethical Offers of Other Financial and Insurance Products and Services
- Ethics Advisory Opinion 2010-01: Ethical HECM to HECM Refinancing and Anti-Churning Practices
- Ethics Advisory Opinion 2010-02: Additional Ethical Advertising Practices

By signing below, the Applicant agrees to conduct its business according to the Code of Ethics & Professional Responsibility set forth by the NRMLA, regardless of membership status with NRMLA. The complete text can be found at www.nrmla.online.org.

Additionally, Correspondent agrees not to use Genworth Financial or any other Genworth name in any advertising material, including but not limited to print advertising or websites, without the express written consent from Genworth.

Signature of Authorized Signer

Date

Printed Name

Title



NRMLA Code of Ethics & Professional Responsibility Ethics and Standards Complaint Procedures (As Revised June 16, 2009)

Preamble and Applicability

The *NRMLA Code of Ethics and Professional Responsibility (Code of Ethics)* describes Values shared and Rules applicable to all NRMLA Members. Under the Code of Ethics, NRMLA Members generally are responsible and will be held responsible for the actions or failures to act of their officers, directors, employees, agents and representatives. NRMLA Members unable or unwilling to commit and to adhere to the Values and comply with the Rules, or that are determined by the NRMLA Ethics and Standards Committee not to have so complied, may not be NRMLA Members.

This Codes of Ethics does not describe, nor does it attempt to describe, the full range of conduct and behavior to which NRMLA Members may subscribe or adhere as they participate in the reverse mortgage marketplace and interact with consumers in an ethical, professionally responsible, and lawful manner. What the Code of Ethics does describe are the Values and Rules applicable to NRMLA Members if they are to be and remain NRMLA Members. Accordingly, the Code of Ethics does not define the standards and behavior of a NRMLA Member for the purpose of determining its civil or criminal liability.

This Code of Ethics also does not impose on NRMLA Members the duty of learning or disclosing technical facts pertaining to taxation, real estate law, retirement planning or financial advice involving the real estate or financial markets.

This Codes of Ethics also does not confer any rights upon any NRMLA Member or any complainant or third party.

Composition and Scope

The Code of Ethics is divided into two parts: Part I – Values and Part II – Rules. The Values convey the ethical and professional principles that NRMLA Members are expected to portray in all business and professional interactions. The Rules address the guidelines and standards of ethical and professional behavior applicable to NRMLA Members.

Compliance

Member organizations are required to adhere to the Values and comply with the Rules of the Code of Ethics if they are to be and remain NMRLA Members. The Ethics and Standards Committee will investigate, review and take appropriate action with respect to

alleged violations of the Code of Ethics by NRMLA Members, under the policies and procedures set forth in Appendix A.

Part 1 – Values

NRMLA Members are mindful that the soundness, usefulness, prosperity and future of our industry depend upon their honor and integrity, and on the manner in which they interact with each other and with the seniors whose interests they serve. Accordingly, each NRMLA Member agrees to observe and maintain and adhere to the following Values.

Value 1: Fairness

NRMLA Members shall treat consumers with respect and dignity, and in a manner that is fair, reasonable and as they would want to be treated.

Value 2: Confidentiality

NRMLA Members shall appropriately respect, protect, preserve and safeguard the privacy of and confidentiality of information obtained from and about consumers.

Value 3: Integrity

NRMLA Members shall act with integrity, adhering both to the letter and the spirit of this Code of Ethics, and appropriately and timely disclosing to consumers potential conflicts of interest.

Value 4: Competence

NRMLA Members shall provide services to consumers in a competent manner, acquiring and maintaining necessary and appropriate knowledge, skills and experience to do so, and referring consumers to others with such knowledge, skills and experience when they are unable to do so.

Value 5: Diligence

NRMLA Members shall provide services to consumers with diligence and due care, promptly, thoughtfully, in a manner considerate of the interests of consumers and fully in compliance with all applicable legal and regulatory requirements.

Value 6: Professionalism

NRMLA Members' conduct shall reflect positively on NRMLA, the profession and the industry.

Part II – Rules

Consistent with the Values described in Part I, NRMLA Members agree to comply with the following Rules (as applicable).

Rules Related to the Value of Fairness

Rule 101

NRMLA Members shall timely and accurately describe to consumers:

- Material information relevant to the relationship, including, the Member's business affiliation, contact information, and the scope of and limitations on the Member's authority to act; and
- The information required by all laws applicable to the relationship in a manner complying with such laws, including counseling agency contact information, estimates of fees and charges, and relationships with others who may be assisting or providing related services.

Rule 102

NRMLA Members compensation shall be reasonable in amount and clearly and timely described to consumers. Estimates shall be clearly identified as such and be based on reasonable assumptions.

Rule 103

NRMLA Members directly or indirectly offering or providing goods or services to consumers (including, for example, insurance or investment products) in conjunction with or that are related to their reverse mortgage lending activities for such consumers, shall do so only in a manner consistent with applicable law and under terms and conditions that are clearly and timely described to such consumers.

Rule 104

NRMLA Members shall not, directly or indirectly, solicit or communicate with consumers through false or misleading or deceptive or unfair communications or advertisements or in any manner inconsistent with applicable law. In such communications and advertisements, NRMLA Members shall not refer to third parties (including, for example, HUD or the FHA or the federal government or the AARP) unless such third parties have agreed to be so referred to therein. A communication or advertisement on behalf of NRMLA Member clearly shall identify that NRMLA Member.

Rule 105

NRMLA Members shall not engage in conduct involving dishonesty, fraud, deceit or misrepresentation, or knowingly make a material false or misleading statement to consumers or others.

Rule 106

NRMLA Members shall offer and provide their products and services to all consumers who may be eligible or qualified for them, and in compliance with all applicable fair housing and fair lending laws.

Rule 107

NRMLA Members shall describe to consumers the range of programs and products offered by the Member that may provide a bona fide advantage to such consumers.

Rule 108

In appropriate cases, NRMLA Members shall encourage consumers to review contemplated transactions with their family members or trusted advisors, and shall reasonably cooperate in such reviews.

Rule 109

NRMLA Members shall make a good-faith effort to resolve concerns received from consumers about the products and services they offer or provide to them.

Rules Related to the Value of Confidentiality

Rule 201

NRMLA Members shall take reasonable steps (including implementing appropriate training and compliance procedures) to help assure that the privacy of and confidentiality of information obtained from and about consumers is respected, protected, honored and safeguarded, and shall do so in a manner consistent with applicable law.

Rules Related to the Value of Integrity

Rule 301

NRMLA Members shall accurately describe both the costs and benefits of the products and services presented to consumers.

Rule 302

NRMLA Members shall not require directly or indirectly that products or services other than the reverse mortgage loans they offer or provide, also must be purchased by consumers in order to obtain reverse mortgage loans from or through them.

Rule 303

Other than as appropriate under the circumstances (including for example to pay third party costs, make prior loan payoffs or fund set-asides directly related to reverse mortgage transactions), and unless otherwise directed by consumers, NRMLA Members shall arrange for the disbursements of reverse mortgage loan proceeds directly to such consumers.

Rule 304

Material potential conflicts of interests involving NRMLA Members and consumers shall timely and accurately be described to consumers prior to the rendering of material services by such Member so that they, assisted as appropriate by family members, trusted advisors and counselors, reasonably may assess whether and the circumstances under which they may choose to do business with such NRMLA Members.

Rules Related to the Value of Competence

Rule 401

NRMLA Members shall acquire and maintain the necessary and appropriate knowledge, skills and experience required to competently offer and provide their products and services in a manner consistent with this Code of Ethics and applicable law, including, as applicable, in the origination, processing, underwriting, closing and servicing of reverse mortgage loans.

Rule 402

NRMLA Members shall advise consumers to seek legal, tax, and investment counsel and advice, if it may reasonable appears to be in the interests of such consumers that they do so, prior to making decisions involving reverse mortgages. NRMLA Members not qualified and appropriately licensed to provide such counsel and advice to consumers shall not do so, and shall, instead, refer such consumers to those who are.

Rules Related to the Value of Diligence

Rule 501

NRMLA Members shall exercise reasonable efforts to secure sufficient information to determine the consumer's needs and objectives.

Rule 502

NRMLA Members shall provide their products and services to consumers with diligence and due care and in a manner considerate of the interests of such consumers.

Rules Related to the Value of Professionalism

Rule 601

NRMLA Members shall take reasonable steps to help assure that their employees understand and act in a manner consistent with the requirements of this Code of Ethics.

Rule 602

NRMLA Members shall neither accept no condone actions or failures to act of other NRMLA Members that are inconsistent with this Code of Conduct. NRMLA Members knowledgeable about potential material violations of this Code of Ethics by others subject to its provisions strongly are encouraged to bring such potential violations to the attention of NRMLA in the manner described in this Code of Ethics.

Rule 603

NRMLA Members shall not bring or threaten to bring complaints under this Code of Ethics, or make or threaten to make use of this Code of Ethics, for no substantial purpose other than to harass, maliciously injure, embarrass and/or unfairly burden another NRMLA Member.

Rule 604

NRMLA Members timely shall pay to NRMLA amounts due and owing to it related to their membership in NRMLA.

Rule 605

NRMLA Members shall comply (with the advice of qualified counsel as appropriate) with all applicable regulatory requirements include provisions of the federal Real Estate Settlement Procedures Act barring among things referral fees and kickbacks, state mortgage regulatory provisions requiring licensing, and, with respect to FHA-insured HECM reverse mortgage loans, FHA requirements regarding licensing and employees and restricting arrangements with third parties.

Rule 606

NRMLA Members reasonably shall cooperate with NRMLA and its Standards and Ethics Committee in their consideration of complaints under this Code of Ethics made against or involving them. NRMLA Members shall honor the confidentiality requirements described in Appendix A of the Code of Ethics that are applicable to them.

Rule 607

NRMLA Members shall employ individuals who have passed a background check and are determined by them to be of good moral character.



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ETHICS ADVISORY OPINION 2008-01: Ethical Advertising

February 28, 2008

The Ethics and Standards Committee (the “Committee”) of the National Reverse Mortgage Lenders Association (“NRMLA”), the trade association of the reverse mortgage lending industry, enforces the NRMLA Code of Ethics and Professional Responsibility (the “Code of Ethics”). All NRMLA Members are required to comply with the Code of Ethics as a condition of their continued membership in NRMLA. If the Committee determines that a NRMLA Member has not complied with the Code of Ethics, sanctions may be imposed, up to and including the termination of NRMLA Membership. Committee decisions enforcing the Code of Ethics may be made public.

The Committee also interprets the Code of Ethics, and, from time to time, proposes changes to it for consideration and approval by the NRMLA Board of Directors.

This is the Committee’s first formal interpretation of the new NRMLA Code of Ethics since its adoption in its current form by the NRMLA Board of Directors late last year. It is Ethics Advisory Opinion 2008-01 (Ethical Advertising).

Introduction. Ethics Advisory Opinion 2008-01 (Ethical Advertising) addresses a very important aspect of the relationship between NRMLA Members and the seniors whose interests they are pledged to serve: the manner in which NRMLA Members market, advertise and make known to seniors the reverse mortgage loans and programs they offer to them.

There is a growing concern among seniors and their advocates and legislators, and among NRMLA Members and NRMLA itself, that some NRMLA Members are engaging, participating or tolerating marketing and advertising practices that are false, misleading, deceptive or unfair. In this Ethics Advisory Opinion we refer to such practices, collectively, as “Unethical Advertising.”

Unethical Advertising expressly violates the NRMLA Code of Ethics. (A complete copy of the Code of Ethics may be found at www.NRMLAOnline.org.) There is no place in NRMLA for NRMLA Members who engage in Unethical Advertising.

The purpose of NRMLA Ethics Advisory Opinion 2008-01 is to provide additional and specific guidance to NRMLA Members about what constitutes Unethical Advertising. Specific examples of such Unethical Advertising are provided below.

Discussion. The first **Value** that the NRMLA Code of Ethics embraces is **Fairness**. Fairness under the Code of Ethics requires that NRMLA Members “treat consumers with respect and dignity, and in a manner that is fair, reasonable, and as they would want to be treated.”

To that end, **Rules 102, 103, 104, 105 and 107** of the Code of Ethics (and **Rule 301 and 302** related to the Code of Ethics Value of **Integrity**) expressly bar direct and indirect Unethical Advertising including marketing and advertising that is false, misleading, deceptive or unfair.

Rule 102 of the Code of Ethics requires that NRMLA Member compensation be reasonable in amount and be clearly and timely described to consumers.

Rule 103 of the Code of Ethics states that NRMLA Members directly or indirectly offering or providing goods or services to consumers (including, for example, insurance or investment products) in conjunction with or that are related to their reverse mortgage lending activities for such consumers, shall do so only in a manner consistent with applicable law and under terms and conditions that are clearly and timely described to consumers.

Rule 104 of the Code of Ethics provides that NRMLA Members shall not, directly or indirectly, solicit or communicate with consumers through false, misleading, deceptive, or unfair communications or advertisements, or in any manner inconsistent with applicable law. In such a communication or advertisement, a NRMLA Members shall not refer to a third party (e.g., HUD, FHA, the federal government, AARP) in a manner that misleadingly suggests that such communication is from such third party rather than from such NRMLA Member, and, in the case of NRMLA and AARP, unless each has agreed to be referred to in such advertisement. A communication or advertisement by or on behalf of a NRMLA Member shall clearly identify that member.

Rule 105 of the Code of Ethics states that NRMLA Members shall not engage in conduct involving dishonesty, fraud, deceit or misrepresentation, or knowingly make a material false or misleading statement to consumers or others.

Rule 107 of the Code of Ethics requires that NRMLA Members describe to consumers the range of programs and products offered by the Member that may provide “a bona fide advantage to such consumers.”

Rule 301 of the Code of Ethics requires NRMLA Members accurately to describe both the costs and benefits of the products and services presented to consumers.

Rule 302 of the Code of Ethics bars NRMLA Members from requiring, directly or indirectly, that consumers purchase other products or services in order to obtain reverse mortgage loans.

Unethical Advertising Rules and Examples. These Code of Ethics Values and Rules, singly and together, support the Committee’s conclusions that the following practices constitute Unethical Advertising that violate the NRMLA Code of Ethics.

First, it is a violation of the NRMLA Code of Ethics for a NRMLA Member to market or advertise its particular FHA-insured HECM loan programs as “Government Loan Programs,” or as a “Government Benefit” or as “Government Supported” or as one from or offered by a “Government Loan Division” or as “Official Business” or as “Endorsed” or “Approved” by the Government, by the Federal Government, by HUD, by the FHA, by AARP, or by NRMLA.

A HECM loan is a loan made or originated by a lender. The FHA insures a lender's HECM loan against certain losses, but it is still the lender's loan and not an FHA or a government loan. Accordingly, a suggestion in such a communication by a NRMLA Member that such a loan is made by the Government or by FHA, rather than by the NRMLA Member, is Unethical Advertising. The FHA provides certain insurance benefits for lenders and borrowers in connection with the lender's HECM loans; the FHA does not make or originate that HECM loan.

Examples of such Unethical Advertising include the following, among other similar marketing and advertising pitches related to a NRMLA Member's particular FHA-insured HECM loan programs: "Notice: 2007 Government Benefits Increase;" "Notice of 2007 Funding Increase for Seniors;" "or "Information is offered to you as a public service." A HECM loan is not funded by or a benefit of the Government. An increase by the FHA in the maximum permissible HECM loan limit that it will insure may not result in an increase in the loan amount of any particular HECM loan originated by a NRMLA Member. It is Unethical Advertising by a NRMLA Member to suggest otherwise.

Second, it is a violation of the NRMLA Code of Ethics for a NRMLA Member directly or indirectly to state or suggest that a failure to respond to its marketing or advertising will or may result in a loss to the consumer of any consumer benefit to which the consumer is or may be entitled or enjoying.

An example of such Unethical Advertising includes the following, among other similar marketing and advertising pitches on behalf of a NRMLA Member: "Before you can benefit from this program, you must call this toll-free number to verify" this or that.

Third, it is a violation of the NRMLA Code of Ethics for a NRMLA Member to make misleading or unfair or exaggerated claims of benefits to consumers, particularly if coupled with inadequate (or with no) description of related costs or risks.

An example of such Unethical Advertising includes the following, among other similar marketing and advertising pitches by a NRMLA Member: "We [the lender] pay off your mortgage;" or "Works as a living trust."

Fourth, it is a violation of the NRMLA Code of Ethics for a NRMLA Member to provide or arrange for a testimonial or endorsement or infomercial that fails clearly to disclose the nature of the relationship (including, if applicable, that a payment has been made as part of the relationship) between the NRMLA Member and the person or entity providing the testimonial or endorsement or infomercial. This disclosure requirement is effective for any such communication developed after the publication of this Ethics Advisory Opinion.

Fifth, it is violation of the NRMLA Code of Ethics for a NRMLA Member to require or suggest that a product or service (such as an annuity or investment product or life or long-term care insurance), other than the reverse mortgage loan, also must be purchased in order to obtain the reverse mortgage loan, or if such product or service (if offered by the NRMLA Member) may not, itself, provide a bona fide advantage to the consumer, or if the NRMLA Member's compensation in connection with all such products and services is unreasonable in amount or not clearly and timely described to the consumer.

An example of such Unethical Advertising includes the cross-selling of a reverse mortgage loan and an annuity by a NRMLA Member if the annuity provides for a deferred benefit unlikely to be of bona fide advantage to the consumer, or if the related commission or other compensation to the NRMLA Member is not clearly disclosed to the consumer and to the counselor.

The Ethics Committee is considering a second Ethics Advisory Opinion (2008-02) (Ethical Cross-Selling of Other Products and Services) that it contemplates will provide more comprehensive guidance with respect to the marketing or advertising by a NRMLA Member, or by a NRMLA Member in tandem or concurrently with another, of a reverse mortgage loan and another product or service, including an annuity.

Sixth, it is a violation of the NRMLA Code of Ethics for a NRMLA Member to market or advertise to a business partner unreasonably high compensation, even if such compensation clearly and timely is disclosed to the consumer who pays it directly or through reverse mortgage loan proceeds.

An example of such Unethical Advertising includes the marketing or advertising by a NRMLA Member of a program to a potential business partner yielding "10 points or more on a reverse mortgage loan" because such a claimed yield from the origination of a reverse mortgage loan, itself, if such loan is originated by a NRMLA Member in a manner that conforms to the requirements of this Code of Ethics, is a false and misleading claim. It is anticipated that Ethics Advisory Opinion 2008-02, referenced above, will provide additional guidance about the marketing and advertising of such programs claiming such yields as a result of the cross-selling of a reverse mortgage loan and other products and services.

Indirect Code of Ethics Violations. Under this Ethics Advisory Opinion 2008-01, NRMLA Members may not engage in such Unethical Advertising either directly (such as through their own employees, agents and branch offices) or indirectly (such as through their marketing or business partners, advertising agencies, or lead generation companies). Both direct and indirect Unethical Advertising by a NRMLA Member violates the Code of Ethics.

Examples of indirect Unethical Advertising by NRMLA Members that violate the Code of Ethics include Unethical Advertising that benefits a NRMLA Member that is undertaken by a NRMLA Member's branch office or loan officers or advertising or marketing business partner, or the purchasing of leads from a lead generation company that generates such leads through marketing or advertising that would be Unethical Advertising if performed by the NRMLA Member directly or itself.

Conclusion. NRMLA Members routinely and overwhelmingly engage in Ethical Advertising, for the benefit of the seniors they are pledged to serve. All the more reason, then, that there is no place in NRMLA for NRMLA Members who engage in Unethical Advertising.

NRMLA Members, seniors, and others are urged to bring to the attention of NRMLA's President and the Committee concerns they may have about potential Unethical Advertising directly or indirectly by NRMLA Members, for consideration and action by President and Committee in accordance with the procedures described in the Code of Ethics. Contact information for NRMLA may be found at its website at NRMLAOnline.com.



ETHICS ADVISORY OPINION 2009-1

Ethical Offers of Other Financial and Insurance Products and Services

June 16, 2009

The Ethics and Standards Committee (the "Committee") of the National Reverse Mortgage Lenders Association ("NRMLA"), the trade association of the reverse mortgage lending industry, enforces the NRMLA Code of Ethics and Professional Responsibility (the "Code of Ethics"). All NRMLA Members are required to comply with the Code of Ethics as a condition of their continued membership in NRMLA. If the Committee determines that a NRMLA Member has not complied with the Code of Ethics, sanctions may be imposed, up to and including the termination of NRMLA Membership. Committee decisions enforcing the Code of Ethics may be made public.

The Committee also interprets the Code of Ethics, and, from time to time, proposes changes to it for consideration and approval by the NRMLA Board of Directors.

This is one of a series of formal Committee interpretations of the NRMLA Code of Ethics. It is Ethics Advisory Opinion 2009-1 (Ethical Offers of Other Financial and Insurance Products and Services). It replaces Ethics Advisory Opinion 2008-2, which was issued by the Committee and NRMLA on April 21, 2008, and which is hereby withdrawn.

This Ethics Advisory Opinion reflects, among other things, new guidance in this area provided by the U.S. Department of Housing and Urban Development (HUD) through Mortgagee Letter 2008-24 (September 16, 2008) (the Mortgagee Letter) and related relevant provisions of the recently enacted Housing and Recovery Act of 2008 (HERA), and related enactments in California (California Civil Code 1923.2(i)) and Rhode Island (Code, Section 34-25.1-7), among others.

NRMLA Ethics Advisory Opinions, and the NRMLA Code of Ethics, are published on the NRMLA website, www.NRMLAOnline.org.

Introduction. This Ethics Advisory Opinion 2009-1 (Ethical Offers of Other Financial and Insurance Products and Services) addresses a very important aspect of the relationship between NRMLA Members and the seniors whose financial security interests they are pledged to serve: the manner and extent to which NRMLA Members, consistent with the applicable requirements of the Code of Ethics, may refer, recommend, originate for or offer or cross-sell to, their senior reverse mortgage consumers (collectively, "product offering activities"), financial or insurance products (including but not limited to annuities and as further defined below) other than reverse mortgage loans.

Changes made by HERA, the guidance provided through the Mortgagee Letter, enactments of the states, and concerns expressed by and among NRMLA Members and NRMLA itself, have prompted the Committee to issue this Ethics Advisory Opinion, to help

assure that NRMLA Members engaging or participating in the product offering activities to seniors of financial or insurance products do so in a manner consistent with the applicable requirements of the Code of Ethics, and do not do so in a manner inconsistent with the Code of Ethics.

In this Ethics Advisory Opinion, we refer to practices by NRMLA Members that are consistent with the Code of Ethics as "Ethical Product Offering" and practices that are not as "Unethical Product Offering." Ethical Product Offering is permissible for NRMLA Members under the Code of Ethics. Unethical Product Offering violates the NRMLA Code of Ethics. There is no place in NRMLA for NRMLA Members who engage in Unethical Product Offering.

The purpose of NRMLA Ethics Advisory Opinion 2009-1 is to provide additional and specific guidance to NRMLA Members about what constitutes Ethical Product Offering and Unethical Product Offering.

The Broader Context. Initially conceived as an effective way for seniors to tap into or liquefy the equity in their homes in order to help meet their financial security needs as their working income diminishes, reverse mortgages have evolved into a significant retirement planning and security tool. Reverse Mortgages can help seniors age in place, and they can help finance longevity.

Another evolving trend is for seniors to want to be able to rely upon a single trusted source for holistic advice in these very important areas of their lives.

It is in this context that the need also arises to help assure that seniors are provided with all of the information they need to make well-informed decisions about such advisors, and that safeguards be put into place to help prevent abuses of the trust of seniors, such safeguards are particularly appropriate where such trusted advisors offer both reverse mortgages and other financial products and services to seniors.

This Ethics Advisory Opinion provides an ethical framework for NRMLA Members, as trusted advisors, to establish these safeguards while helping seniors consider, when and where appropriate, financial and insurance products in addition to reverse mortgages.

While this Ethics Advisory Opinion, by its terms, applies only to NRMLA Members, as noted below (see "Indirect Code of Ethics Violations") it also affects others. Moreover, it is hoped that the Ethical Product Offering requirements for NRMLA Members described in this Ethics Advisory Opinion become the market place

standard by which HUD, other regulators, and seniors judge and evaluate the conduct of all who offer such products to seniors as their trusted advisors.

The Code of Ethics. The first **Value** that the NRMLA Code of Ethics embraces is **Fairness**. Fairness under the Code of Ethics requires that NRMLA Members treat seniors with “respect and dignity, and in a manner that is fair, reasonable, and as they would want to be treated.” Additional **Values** embraced under the Code of Ethics require **Integrity, Competence, Diligence, and Professionalism**.

Rule 102 of the Code of Ethics requires that NRMLA Member reverse mortgage compensation be reasonable in amount and be clearly and timely described to seniors.

Rule 103 of the Code of Ethics states that NRMLA Members directly or indirectly offering or providing goods or services to seniors (including, for example, insurance or investment products) in conjunction with or that are related to their reverse mortgage lending activities for such seniors, shall do so only in a manner consistent with applicable law and under terms and conditions that are clearly and timely described to seniors.

Rule 107 of the Code of Ethics requires that NRMLA Members describe to seniors the range of programs and products offered by the Member that may provide “a bona fide advantage” to such seniors.

Rule 301 of the Code of Ethics requires NRMLA Members accurately to describe both the costs and benefits of the products and services presented to seniors.

Rule 302 of the Code of Ethics bars NRMLA Members from requiring, directly or indirectly, that seniors purchase other products or services in order to obtain reverse mortgage loans.

Rule 303 of the Code of Ethics generally requires NRMLA Members to arrange for the disbursement of reverse mortgage proceeds directly to seniors.

Rule 402 of the Code of Ethics generally requires NRMLA Members to advise seniors to seek appropriate professional counsel and advice prior to making decisions involving reverse mortgages, and bars NRMLA Members not qualified and appropriately licensed to provide such counsel and advice to seniors from providing such advice and counsel.

Rule 501 of the Code of Ethics requires NRMLA Members to exercise reasonable efforts to secure sufficient information to determine the senior's needs and objectives.

Rule 605 of the Code of Ethics generally requires NRMLA Members to comply with all applicable regulatory requirements.

HUD's Guidance. In Mortgagee Letter 2008-24 (September 16, 2008) (Home Equity Conversion Mortgage (HECM) Program – Requirements on Mortgage

Originators) (the Mortgagee Letter), HUD referred to the applicable provisions of HERA, that added to the National Housing Act new Sections 255(n)(1) and (n)(2).

In essence, these HERA provisions provide for additional protections for seniors participating in the HECM reverse mortgage loan program, by barring certain arrangements that may provide incentives for the sale to such seniors of other financial or insurance products that do not meet their needs (the HERA Goals). They do so, in general, by requiring that there be appropriate firewalls or other safeguards to inhibit such inappropriate incentives, and also by prohibiting such a senior, as a condition of obtaining a HECM loan, from being required also to purchase such a financial or insurance product.

In the Mortgagee Letter, HUD noted its intention to provide definitive guidance with respect to HERA Section 255(n), following the receipt of comments from interested parties. NRMLA and others have provided such initial comments to HUD, and the Committee intends to amend this Ethics Advisory Opinion as and when and to the extent that such definitive guidance, subsequently issued by HUD, affects it.

In the interim, and until such HUD definitive guidance is issued, the Mortgagee Letter “advises that mortgagees must not condition a HECM mortgage on the purchase of any other financial or insurance product, and should strive to establish, consistent with the new law, firewalls and other safeguards to ensure that there is no undue pressure or appearance of pressure for a mortgagor to purchase another product of the mortgage originator or mortgage originator’s company.” In this Ethics Advisory Opinion, we refer to this HUD advice as “HUD’s Interim Guidance.”

Ethical and Unethical Product Offering Examples and Safeguards. These Code of Ethics Values and Rules, singly and together, HUD’s Interim Guidance, and a consideration of the HERA Goals, support the Committee’s conclusions that the following practices constitute, respectively, Ethical Product Offering and Unethical Product Offering under the NRMLA Code of Ethics.

First, a NRMLA Member engages in Ethical Product Offering if it has is in place at least one of the following Product Offering Safeguards, and other applicable requirements of this Ethics Advisory Opinion also are met.

(1) **The Separate Originator Safeguard.** The NRMLA Member shall separate those engaged in the offering, marketing and origination of reverse mortgages from those engaged in the offering, marketing and origination of other financial and insurance products, and take reasonable steps to assure that no one engaged in either of such activities receives, directly or indirectly, incentives or compensation for being engaged in the other. In this Ethics Advisory Opinion, this Safeguard is referred to as the Separate Originator Safeguard. Under the Separate Originator Safeguard, the NRMLA Member may offer both reverse mortgages and financial and insurance products concurrently, as long as those engaged in the offering, marketing and origination of all such products also are appropriately licensed to do so and comply with all

applicable legal requirements, including the HUD Interim Guidance, and, as noted above, are separate by compensation.

(2) **The Separate Transaction Safeguard.** The NRMLA Member shall separate the offering, marketing and origination of reverse mortgages from the offering, marketing and origination of other financial and insurance products by taking reasonable steps to assure that they are distinct and separate transactions. In this Ethics Advisory Opinion, this Safeguard is referred to as the Separate Transaction Safeguard. Under the Separate Transaction Safeguard, a distinct and separate transaction may be originated by the same appropriately licensed individual complying with the HUD Interim Guidance (in contrast, accordingly, with the Separate Originator Safeguard approach described above in which, among other things, different individuals are required to originate the transactions for the different products), as long as at least seven (7) business days (or, if required by separate legislation, any longer period during which the senior may rescind the reverse mortgage loan) have expired before the senior is offered any other financial or insurance product, and disbursement of the proceeds of a reverse mortgage loan is not made directly to the provider of another financial insurance product or service or at or in connection with the closing of the reverse mortgage.

The Committee does not intend, through its description of the Separate Originator Safeguard and the Separate Transaction Safeguard as examples of Ethical Product Offering, to limit NRMLA Members only to these approaches in providing such Safeguards. Other approaches that achieve the HERA Goals and adhere to the HUD Interim Guidance, and that are consistent with the requirements of the Code of Conduct and this Ethics Advisory Opinion, may be utilized by NRMLA Members as Product Offering Safeguards as they engage in Ethical Product Offering.

Second, in addition to the Product Offering Safeguards, a NRMLA Member engaged in Ethical Product Offering also shall provide to the senior, prior to offering such other financial or insurance products, a disclosure that is signed by both the senior and by the person making such offer, that makes clear that the senior has no obligation to purchase any such financial or insurance product with the proceeds of such reverse mortgage, and that reasonably describes to the senior the bona fide advantages to the seniors of purchasing such financial or insurance product with the proceeds of such reverse mortgage if the senior chooses to do so. In this Ethics Advisory Opinion, this disclosure is referred to as the **Anti-Tying and Bona Fide Advantage Disclosure Safeguard**.

Third, notwithstanding its Product Offering Safeguards, it is a violation of the NRMLA Code of Ethics, and thus Unethical Product Offering, for a NRMLA Member to engage in any product offering activities involving deferred fixed rate annuities with surrender charges, deferred variable rate annuities with surrender charges, deferred equity indexed annuity with surrender charges and any financial product that applies a penalty for early withdrawal or cancellation if it does not provide a bona fide advantage to such senior when it is

paid for or financed with the proceeds of the reverse mortgage loan which advantage is clearly described in the Anti-Tying and Bona Fide Advantage Disclosure.

Fourth, it is a violation of the NRMLA Code of Ethics, and thus Unethical Product Offering, for a NRMLA Member to fail to provide complete, timely and clear information about all compensation to be received or received, directly and indirectly, in connection with the origination of a reverse mortgage (the **Compensation Disclosure Safeguard**). Complete information describes all amounts paid or received, and identifies who paid and received them, in the form of a HUD-1 Settlement Statement, if applicable, or other comparable disclosure. Timely information is information that is provided to the senior when or before any product offering activities commence. Clear information is information that is plainly presented to and readily understandable by seniors.

Fifth, notwithstanding its Compensation Disclosure Safeguard, it is a violation of the NRMLA Code of Ethics, and thus Unethical Product Offering, for a NRMLA Member to receive unreasonably high compensation as a result of its Product Offering activities. Unreasonably high compensation is compensation in excess of that which complies with legal requirements including, as applicable, compensation limits established by appropriate regulators.

Additional Definitions. For purposes of this Ethics Advisory Opinion, a financial product includes a non-deposit investment product, including without limitation, a stock, bond, mutual fund, other security, or annuity offered to a senior. It does not include a forward (traditional or non-reverse) mortgage loan. For purposes of this Ethics Advisory Opinion, an insurance product includes a contract of insurance whose offering or sale is subject to state or federal regulation. It does not include title insurance, hazard, flood or other peril insurance, or other insurance products that are customary, normal or required in connection with the origination of a reverse mortgage loan.

Indirect Code of Ethics Violations. Under this Ethics Advisory Opinion, NRMLA Members may not engage in Unethical Product Offering either directly (such as through their own employees, agents and branch offices) or indirectly (such as through their affiliates or business partners). Both direct and indirect Unethical Product Offering by a NRMLA Member violate the NRMLA Code of Ethics.

Conclusion. NRMLA Members, seniors, and others are urged to bring to the attention of NRMLA's President and the Committee concerns they may have about potential Unethical Product Offering directly or indirectly by NRMLA Members, for consideration and action by President and Committee in accordance with the procedures described in the Code of Ethics. Contact information for NRMLA may be found at its website at www.NRMLAOnline.org.



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NRMLA ETHICS ADVISORY OPINION 2010-01

ETHICAL HECM-TO-HECM REFINANCING AND ANTI-CHURNING PRACTICES

September 30, 2010

The Ethics and Standards Committee (the "Committee") of the National Reverse Mortgage Lenders Association ("NRMLA"), the trade association of the reverse mortgage lending industry, enforces the NRMLA Code of Ethics and Responsibility (the "Code of Ethics"). All NRMLA Members are required to comply with the Code of Ethics as a condition of their continued membership in NRMLA. If the Committee determines that a NRMLA Member has not complied with the Code of Ethics, sanctions may be imposed, up to and including the termination of NRMLA Membership. Committee decisions enforcing the Code of Ethics may be made public.

The Committee also interprets the Code of Ethics, and, from time to time, proposes changes to it for consideration and approval by the NRMLA Board of Directors.

On September 21, 2010, HUD published Mortgage Letter 2010-34 (HECM Saver). Under its authority, and effective October 4, 2010, borrowers seeking HECM reverse mortgage loans may select either of two HECM loan products to meet their needs: (1) the current HECM Standard form of loan (for mortgagors who, in general, wish to have available to them a relatively larger amount with a relatively higher upfront initial mortgage insurance premium (MIP)); or (2) the new HECM Saver form of loan (for mortgagors who, in general, wish to have available to them a relatively smaller amount with a relatively smaller upfront initial MIP).

In addition, Mortgage Letter 2010-34 provides that the amount of HECM loan proceeds for all mortgage loans originated after its effective date (both HECM Standard and HECM Saver), including refinances of such HECM loans after that date, must be reduced (from those available before that date), in accordance with changes made by HUD to its "Principal Limit Factor" tables.

With the advent of a second FHA-insured HECM loan product, the establishment of different principal limits (the maximum amount made available to the mortgagor under the loan), and the provision of various initial MIP and loan cost features, both mortgagors and lenders have a new array of choices available to them. In addition, with respect to the pipeline of existing loan applications (Pipeline Loans), which do not close before the effective date of the Mortgage Letter, an election will need to be made.

The NRMLA Code of Ethics embraces certain Values and requires conformity to certain Rules that embody those Values. Among those Values are Fairness (NRMLA Members shall treat consumers in a manner that is fair and reasonable and as they would want to be treated) and Integrity (NRMLA Members shall disclose to consumers potential conflicts of interest). Among those Rules are Rule 107 ("NRMLA members shall describe to consumers the range of products and products offered by the Member that may provide a bona fide advantage to such consumers") and Rule 301 ("NRMLA Members shall accurately describe both the costs and benefits of products presented to consumers").

The NRMLA Ethics Committee issues this NRMLA Ethics Advisory Opinion 2010-01 (Ethical HECM-to-HECM Refinancing and Anti-Churning Practices) to provide additional guidance to NRMLA Members as to the manner in which the Values and Rules of the NRMLA Code of Ethics—particularly, Rules 107 and 301—apply, and to inform and restrict the choices NRMLA Members make as they offer both HECM Standard and HECM Saver loan products to consumers, including, in particular, the opportunity to refinance such HECM loans with additional HECM loans.

In general, and consistent with the requirements of Rule 107 and the NRMLA Ethics Code, NRMLA Members, subject to market availability and loan origination systems constraints, should make available to consumers directly or indirectly both the HECM Standard and HECM Saver loan products.

In addition, and consistent with the requirements of Rules 107 and 301 and the NRMLA Code of Ethics, NRMLA Members need to assure that the loan products it offers to consumers provide to them a "bona fide advantage." That requirement will have particular applicability now—as consumers with Pipeline Loans are given the opportunity to choose between HECM Standard and HECM Saver loan products—and in the future—when consumers are offered the opportunity to refinance from one HECM to another. In this regard, lenders should provide illustrations and comparison of the most prevalent HECM programs that it offers to consumers.

The NRMLA Ethics Committee has concluded that, and absent further guidance from HUD with respect to the offering of such choices to consumers, the bona fide advantage standard of the Code of Ethics may not be met unless a HECM-to-HECM refinance occurs after six (6) months of the closing of the prior HECM loan being refinanced.

Additionally, for a HECM-to-HECM refinance that occurs after six (6) months from the closing of the prior HECM loan being refinanced, a bona fide advantage to a consumer may be demonstrated by a lender if it is able to show that both of the following are met: (1) the funds available to the consumer under the chosen loan (after payoff of other loans and other costs) exceeds the funds available under the other or existing loan or some other bona fide advantage is made available to the consumer as a result of the choice, and (2)(i) if the accrual rate on the new HECM is greater than the accrual rate on the HECM being refinanced, the increase in the mortgagor's principal limit as a result of the choice exceeds the "total cost of refinancing" (as defined in 24 C.F.R. § 206.53(b)) of the chosen loan by an amount equal to at least five (5) times the total cost of the chosen loan regardless of whether the borrower, lender or broker pays any or all of the closing costs, or (ii) if the accrual rate on the new HECM is equal to or less than the accrual rate on the HECM being refinanced, the increase in the mortgagor's principal limit as a result of the choice exceeds the "total cost of refinancing" of

the chosen loan by an amount equal to at least five (5) times the total cost of the chosen loan excluding closing costs paid by the lender or broker on behalf of the borrower. For this purpose, "accrual rate" means the note rate plus the on-going MIP.

For guidance in making this calculation, NRMLA Members are referred to Mortgagee Letter 2004-18 (April 23, 2004) (Refinancing Existing HECM Loans), and to Exhibit 1 thereof (How To Calculate The Total Cost of Refinancing). That Mortgagee Letter required that calculation to be made for a different though closely related purpose, described by HUD in that Mortgagee Letter as assuring that the borrower is not being induced to refinance her existing HECM loan without benefit to the borrower and/or solely for the benefit of the lender.

That, in the view of the NRMLA Ethics Committee, is the essence of the bona fide advantage to the consumer requirement of Rule 107 and the NRMLA Code of Ethics, and it is for that reason that the approach adopted by HUD in this Mortgagee Letter is the one adopted by the NRMLA Ethics Committee as it applies this requirement in this context under its Code its Ethics.

Absent the demonstration by a NRMLA Member in this context that such a bona fide advantage has been made available to the consumer, the NRMLA Ethics Committee may conclude that such Member engaged in the "churning" of these or similar loans as it offered such choices and closed such loans for consumers, in violating of the NRMLA Code of Ethics. A purpose of this Ethics Advisory Opinion 2010-01 is to establish an "Anti-Churning" requirement as part of the NRMLA Code of Ethics responsibilities of NRMLA Members.

Demonstrating that the choice offered to the consumer meets the tests of this Ethics Advisory Opinion, as described above, is not the only way for a NRMLA Member to establish that it meets its obligation under the NRMLA Code of Ethics to provide a bona fide advantage to the consumer as they make such choices. But, absent the ability of a NRMLA Member to demonstrate its compliance with that requirement in that or some other persuasive manner, the NRMLA Member would be subject to sanctions under the NRMLA Code of Ethics.

Accordingly, it is also a violation of the NRMLA Code of Ethics for a NRMLA Member, directly or indirectly, to engage in HECM-to-HECM refinance activities that constitute churning as outlined above, or otherwise not to provide a bona fide advantage to consumers for each product offered to consumers by Members. A NRMLA Member offering and providing a choice to consumers between a HECM Standard and a HECM Saver, as part of a Pipeline Loan transaction, or as a refinance of a HECM Standard or HECM Saver, must be able to demonstrate that that consumer was provided with such an advantage because the calculations and determinations described in this Ethics Advisory Opinion have been completed and met, or in some other persuasive manner if that Member is to meet its obligations under the NRMLA Code of Ethics. In addition, NRMLA Members are reminded that in making any such refinancing decisions, they also must comply with applicable state laws that may impose additional or related obligations upon them to determine that a "net tangible benefit" or similar advantage is realized by the consumer in connection with such refinancing transaction. Further, Regulation Z has been revised, effective April 1, 2011, to prohibit loan originators from steering consumers to loan products, including closed end reverse mortgages, based on the fact that the originator will receive additional compensation when that loan may not be in the consumer's best interest.

NRMLA Members routinely and overwhelmingly engage in ethical HECM-to-HECM refinancing, and not in churning activities, for the benefit of the seniors they are pledged to serve. All the more reason, then, that there is no place in NRMLA for NRMLA Members who engage in impermissible HECM-to-HECM refinancing practices.

NRMLA Members, seniors, and others are urged to bring to the attention of NRMLA's President and the Committee concerns they may have about potential violations of the NRMLA Code of Ethics, including the Anti-Churning requirements of this Ethics Advisory Opinion, directly or indirectly by NRMLA Members, for consideration and action in accordance with the procedures described in the NRMLA Code of Ethics. A form for that purpose also may be found at the NRMLA website, at NRMLAOnline.com.



NRMLA ETHICS ADVISORY OPINION 2010-02

ADDITIONAL ETHICAL ADVERTISING PRACTICE REQUIREMENTS

October 15, 2010

The Ethics and Standards Committee (the "Committee") of the National Reverse Mortgage Lenders Association ("NRMLA"), the trade association of the reverse mortgage lending industry, enforces the NRMLA Code of Ethics and Responsibility (the "Code of Ethics"). All NRMLA Members are required to comply with the Code of Ethics as a condition of their continued membership in NRMLA. If the Committee determines that a NRMLA Member has not complied with the Code of Ethics, sanctions may be imposed, up to and including the termination of NRMLA Membership. Committee decisions enforcing the Code of Ethics may be made public.

The Committee also interprets the Code of Ethics, and, from time to time, proposes changes to it for consideration and approval by the NRMLA Board of Directors.

On February 28, 2008, over two years ago, the Committee issued its first formal interpretation of the then new NRMLA Code of Ethics, Ethics Advisory Opinion 2008-01 (Ethical Advertising). The following year, on June 16, 2009, the Committee issued a related and follow-up interpretation, Ethics Advisory Opinion 2009-02 (Lead Generation State Licensing Requirements and Ethical Advertising). NRMLA Ethics Advisory Opinions are published and may be found on the NRMLA website at NRMLAOnline.org.

The two earlier Ethics Advisory Opinions rely on and cite to a series of Values and Rules described in the NRMLA Code of Ethics that address what Ethics Advisory Opinion 2008-01 characterized as a very important aspect of the relationship between NRMLA Members and the seniors whose interests they are pledged to serve: the manner in which NRMLA Members make, advertise and make known to seniors the reverse mortgage loans and programs they offer to them.

Ethics Advisory Opinion 2008-01 also expressly noted the growing concern among seniors and their advocates and legislators, and among NRMLA Members and NRMLA itself, that some NRMLA Members are engaging, participating, or tolerating marketing and advertising practices that are false, misleading, deceptive or unfair--referred to in that Opinion, collectively, as "Unethical Advertising."

These earlier Ethics Advisory Opinions made clear and declared that "Unethical Advertising expressly violates the NRMLA Codes of Ethics," and added: "There is no place in NRMLA for NRMLA Members who engage in Unethical Advertising."

Through its issuance of this Ethics Advisory Opinion 2010-02 (Additional Ethical Advertising Practice Requirements), the Committee expressly re-affirms the interpretations published in Ethics Advisory Opinion 2008-01 and Ethics Advisory Opinion 2009-2, and re-iterates its view that the Values and Rules of the NRMLA Code of Ethics are violated by NRMLA Members who engage in Unethical Advertising. The purpose of this Ethics Advisory Opinion 2010-02 is to provide additional explicit guidance to NRMLA Members about such Ethical and Unethical advertising practices, and through the Appendix attached to this Opinion, additional important related information.

In Ethics Advisory Opinion 2008-01, the Committee cited and described six specific acts and practices that it concluded violated the NRMLA Code of Ethics because they constituted Unethical Advertising. In Ethics Advisory Opinion 2009-2, the Committee effectively required that NRMLA Members complying with the NRMLA Code of Ethics assure that Lead Generation Providers with which they work be duly licensed under applicable state law. In both Ethics Advisory Opinions, the Committee also made clear that indirect violations of its Code of Ethics also are subject to sanctions under its Code of Ethics.

As the Committee intends vigorously to continue to enforce the NRMLA Code of Ethics relating to Ethical and Unethical Advertising, it urges NRMLA Members to review those prior Opinions, and the Code of Ethics, and to assure that their advertising practices, and those of their vendors, fully conform to these requirements.

Additionally, through this Ethics Advisory Opinion 2010-02, the Committee makes clear that the following six additional specific advertising acts and practices not only violate the NRMLA Code of Ethics, but that they also may violate applicable federal and state law requirements that are described in the Appendix to the Opinion that follows.

No Cost Loans

It has been reported to NRMLA that some reverse mortgage lenders are touting some reverse mortgage programs as "no cost loans." While lenders may be waiving origination fees, paying borrowers closing costs and even paying for some or all of the up-front FHA mortgage insurance premium due to the FHA (which sums may more usually be paid by the borrower), reverse mortgage loans, nevertheless, are not cost free, due to the obligation to repay interest, among others.

As further described below, such claims of "no cost" also may violate several provisions of federal and state law, and federal regulatory guidance with respect to reverse mortgage marketing in that such claims can be and often are misleading if not downright false, and typically do not present fair and balanced information regarding reverse mortgages.

Accordingly, it is also a violation of the NRMLA Code of Ethics for a NRMLA Member, directly or indirectly, to state or imply in its advertising or marketing to seniors or others that reverse mortgage loans either are "no cost" loans or "require no payments," or that seniors need not repay a reverse mortgage "during their lifetime" or that a senior "cannot lose" or that there is "no risk" to a senior's home with a reverse mortgage loan, at least without also explaining, in an equally prominent and conspicuous manner in such advertising or marketing, that Reverse Mortgage loans do require seniors to make certain specified payments and meet other specified obligations.

Use of Celebrities

NRMLA Ethics Advisory Opinion 2008-1 already provides that it is a violation of the NRMLA Code of Ethics for a NRMLA Member to provide or arrange for a testimonial or endorsement or infomercial that fails clearly to disclose the nature of the relationship (including, if applicable, that a payment has been made as part of the relationship) between the NRMLA Member and the person or entity providing the testimonial or endorsement or infomercial.

It also has been reported to NRMLA that some reverse mortgage lenders also are using celebrity images either without the celebrity's permission or without attribution that the celebrity is paid to appear in the advertising piece on behalf of the lender, in a manner that may mislead, or be unfair or deceptive to seniors, and that also may violate applicable federal and state law requirements as further described in the Appendix that follows.

Accordingly, it is also a violation of the NRMLA Code of Ethics for a NRMLA Member, directly or indirectly, to use a celebrity's image or likeness without that person's express, written and documented permission, or to provide celebrity endorsements that do not reflect the honest opinions, findings, beliefs, or experiences of the endorsers. Further, an endorsement may not convey any express or implied representation that would be unfair, misleading or deceptive if made directly by the NRMLA Member.

Pre-Approved or Pre-Qualified Loans

Stating that a borrower is pre-approved for a reverse mortgage without fully and clearly disclosing qualification conditions and other criteria can be misleading. (In addition, if marketers have information on seniors that does indicate that the seniors may be qualified for a reverse mortgage, and such information was received from a consumer reporting agency, such offers also may have to comply with the firm offer of credit rules under the federal Fair Credit Reporting Act and FTC regulations, if it is possible to do so, as further described in the Appendix that follows.)

Accordingly, it is also a violation of the NRMLA Code of Ethics for a NRMLA Member, directly or indirectly, to state or imply in its advertising or marketing to seniors or others that an applicant or borrower is "pre-approved" or "pre-qualified" for a reverse mortgage loan without also fully and clearly disclosing approval or qualification conditions or other criteria that apply.

"Stimulus" Money; Call to Action, Sense of Urgency

References to federal legislation providing more money for seniors for reverse mortgage loans typically are misleading. President Obama signed into law the American Recovery and Reinvestment Act (the "Stimulus Act") on February 17, 2009, over a year and half ago, increasing on an interim basis the HECM Maximum Claim Amount to \$625,500. In addition to that action not being "recent," it also did not provide more or additional federal monies for seniors. When such inaccurate or unknown (or speculative) information (such as that HUD or the Congress may or will "soon" reduce available loan proceeds or increase loan costs) is coupled with a "sense of urgency" or "call to action" on the part of those they are aimed at, lest they "miss out" on such a limited "opportunity," such advertising clearly may be misleading and deceptive, as also further described in the Appendix that follows.

Accordingly, it is also a violation of the NRMLA Code of Ethics for a NRMLA Member, directly or indirectly, to state or imply in its advertising or marketing to seniors or others, that "recent" federal legislation or HUD action provides more money for seniors, if such legislation or action, if any, is not recent, or if such funds have not been appropriated for seniors, especially if coupled with a sense of urgency or call to action stating or implying that if the senior does not promptly respond, he or she may or will lose or miss out on this or related "limited" opportunities.

Simulated Checks and Currency

Applicable law generally prohibits or limits the use of simulated currency and simulated checks, money orders, vouchers, and the like, in connection with consumer loan or mortgage marketing. This can also be construed as unfair and deceptive advertising, as described in the Appendix that follows.

Accordingly, it is also a violation of the NRMLA Code of Ethics for a NRMLA Member, directly or indirectly, to include as part of its advertising or marketing to seniors or others, simulated checks or currency.

Use of HUD Logo

Federal law prohibits the use, under all but very narrowly circumscribed circumstances, of the HUD logo or other references to HUD or the FHA in advertisements by reverse mortgage lenders among others, as described more fully below.

Accordingly, it is a violation of the NRMLA Code of Ethics for a NRMLA Member, directly or indirectly, to use the names or logos of the U. S. Department of Housing and Urban Development ("HUD") or Federal Housing Administration ("FHA"), or names or logos confusingly similar in appearance, in its advertising or marketing of reverse mortgages to seniors or others, except as otherwise expressly may be permitted under applicable law.

Additional details and references are described in the Appendix to this Ethics Advisory Opinion 2010-1, that follows.

NRMLA Members routinely and overwhelmingly engage in Ethical Advertising, for the benefit of the seniors they are pledged to serve. All the more reason, then, that there is no place in NRMLA for NRMLA Members who engage in Unethical Advertising.

NRMLA Members, seniors, and others are urged to bring to the attention of NRMLA's President and the Committee concerns they may have about potential Unethical Advertising, directly or indirectly by NRMLA Members, for consideration and action in accordance with the procedures described in the NRMLA Code of Ethics. A form for that purpose also may be found at the NRMLA website, at NRMLAOnline.com.

APPENDIX TO NRMLA ETHICS ADVISORY OPINION 2010-02

Overview of Federal Regulations and Guidelines:

Helping Families Save Their Homes from Foreclosure Act of 2008 (HFSH Act)

Under section 203 of the HFSH Act, FHA-approved mortgagees must use their HUD registered business names in all advertisements and promotional materials related to FHA programs. HUD registered business names include any alias or "doing business as" (DBA) on file with FHA. FHA-approved mortgagees must keep copies of all advertisements and promotional materials for a period of two years from the date that the materials are circulated or used to advertise.

The HFSH Act expands FHA's ability to pursue civil money penalties against any person, party, company, firm, partnership, or business, including sellers of real estate, closing agents, title companies, real estate agents, mortgage brokers, appraisers, loan correspondents, for any use of Federal Housing Administration, Department of Housing and Urban Development, Government National Mortgage Association, Ginnie Mae, the acronyms HUD, FHA, or GNMA, or any official seal or logo of the Department of Housing and Urban Development, except as authorized by the Secretary.

Members are reminded that FHA rules generally prohibit misleading advertising. An approved mortgagee may not use deceptive advertising. All advertisements must emphasize the name of the company and not the government. False advertising or wrongfully misusing names to indicate Federal agency or Government seals is a potential violation of the federal criminal code. See 18 U.S.C. §709 and 18 U.S.C. §1017.

The following is an illustrative list of prohibited advertising practices as identified by the FHA, but should not be considered all-inclusive:

- Improperly using the name or seal of FHA or HUD to imply that the advertisement is from or is endorsed by FHA or HUD; or
- Improperly advertising on a government type form designed to simulate an official Federal government document.

Federal Reserve HOEPA Regulation Amendments to Regulation Z

On July 30, 2008, the Federal Reserve Board published final rules amending Regulation Z, which implements the Truth in Lending Act and Home Ownership and Equity Protection Act (or HOEPA). The goals of the amendments are to ensure that advertisements for mortgage loans provide accurate and balanced information, and do not contain misleading or deceptive representations. Below is a summary of some of the new rules brought about by the HOEPA amendments, effective October 1, 2009.

Misleading use of the current lender's name. A creditor may not use the name of the consumer's current lender in an advertisement that is not sent by or on behalf of the consumer's current lender, unless the advertisement:

- (i) Discloses with equal prominence the name of the person or creditor making the advertisement; and
- (ii) Includes a clear and conspicuous statement that the person making the advertisement is not associated with, or acting on behalf of, the consumer's current lender.

Misleading claims of debt elimination. A creditor may not make any misleading claim in an advertisement that the mortgage product offered will eliminate debt or result in a waiver or forgiveness of a consumer's existing loan terms with, or obligations to, another creditor.

Misleading use of the term "counselor". A creditor may not use the term "counselor" in an advertisement to refer to a for-profit mortgage broker or mortgage creditor, its employees, or persons working for the broker or creditor that are involved in offering, originating or selling mortgages.

Misleading foreign-language advertisements. A creditor may not provide information about some trigger terms or required disclosures, such as an initial rate or payment, only in a foreign language in an advertisement, but provide information about other trigger terms or required disclosures, such as information about the fully-indexed rate, only in English in the same advertisement.

S.A.F.E. Act Related Advertising Requirements

The federal S.A.F.E. Act was enacted as part of the HERA on July 30, 2008. States generally had one year to enact similar loan originator licensing provisions, and all states since that time have enacted S.A.F.E. Act compliant legislation.

The Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR) published a Model SAFE Act for state legislatures to consider and adopt. Most states adopted provisions of the Model Act.

In addition to the licensing provisions, the Model Act requires mortgage loan originators to obtain a unique identifier number. The unique identifier of any person originating a residential mortgage loan shall be clearly shown on all residential mortgage loan application forms, solicitations or advertisements, including business cards or websites, and any other documents as established by rule, regulation or order of the applicable state regulator.

RMEGs

In the Spring of 2009, the American Association of Residential Mortgage Regulators developed reverse mortgage examination guidelines for state regulators conducting reverse mortgage compliance examinations. These guidelines contain items that state regulators could review, including whether the institution uses any form of solicitation that appears to be generated by the government or can be interpreted to be misleading to the consumer.

Further, most states mortgage banking rules include laws against unfair, deceptive or misleading advertising practices, and these laws generally also apply to reverse mortgage transactions.

In addition, some states have specific prohibitions on deceptive practices in connection with reverse mortgage advertising.

For instance, in Illinois, a mortgage lender or broker may not employ fraudulent or deceptive acts or practices in the making of a reverse mortgage loan, including deceptive marketing and sales efforts. 205 Ill. Comp. Stat. Ann. 635/5-5(b). The North Carolina Reverse Mortgage Act and the Tennessee Home Equity Conversion Mortgage Act also prohibit deceptive acts and practices in connection with reverse mortgages.

State Enforcement Actions in Connection with Reverse Mortgage Advertising

Several states have taken enforcement actions against reverse mortgage originators over the past few years in connection with faulty reverse mortgage advertising. Some of these enforcement actions have resulted in cease and desist orders and administrative actions.

GAO Report on Reverse Mortgage Advertising

In June 2009, the Government Accountability Office ("GAO") reported that only a few regulatory agencies had received only a few complaints about HECM marketing.

Nonetheless, the GAO stated that a review of selected advertisements found examples of marketing claims that were potentially misleading because they were inaccurate, incomplete, or used questionable sales tactics. Federal agency officials agreed that some of these advertisements raised concerns.

In its report, the GAO noted six potentially misleading claims, and agency officials generally agreed. The concerns raised were as follows:

1. "Never owe more than the value of your home"
2. Implications that the reverse mortgage is a "government benefit" or otherwise not a loan:
3. "Lifetime income" or "Can't outlive loan"
4. "Never lose your home"
5. Misrepresenting government affiliation
6. Claims of time and geographic limits.

Some claims falsely imply that consumers must respond within a certain time to qualify for the loan. Examples include "must call within 72 hours" and "deadline extended."

FTC Guidance on Deceptive or Misleading Reverse Mortgage Advertising

The Federal Trade Commission enforces the Federal Trade Commission Act (the FTC Act) which prohibits unfair or deceptive acts or practices by nonbank lenders and mortgage brokers.

The Office of the Comptroller of the Currency (OCC), Office of Thrift Supervision (OTS), Board of Governors of the Federal Reserve System (FRB), and Federal Deposit Insurance Corporation (FDIC), enforce this provision of the FTC Act and any applicable regulations under authority granted in the FTC Act and section 8 of the Federal Deposit Insurance Act. The National Credit Union Administration (NCUA) enforces this provision of the FTC Act and any applicable regulations under authority granted in the FTC Act and sections 120 and 206 of the Federal Credit Union Act.

Practices may be found to be deceptive and thereby unlawful under section 5 of the FTC Act generally if: (1) there is a representation, omission, act, or practice that is likely to mislead the consumer; (2) the act or practice would be deceptive from the perspective of a reasonable consumer; and (3) the representation, omission, act, or practice is because it is likely to affect a consumer's decision about a product or service. A practice may be found to be unfair and thereby unlawful under section 5 of the FTC Act if (1) the practice causes or is likely to cause substantial consumer injury; (2) the injury is not outweighed by benefits to the consumer or to competition; and (3) the injury caused by the practice is one that consumers could not reasonably have avoided.

Further, the FTC generally has required that in mortgage advertising, the disclosure of material terms must be prominent, presented fairly, placed in a manner to draw the senior's attention thereto, and proximate or near to the associated terms or conditions it is describing. Generally this guidance discourages the use of small print, or placing important material in footnotes or on the back of an advertising piece. FTC staff has also indicated that it disfavors and views with higher scrutiny ads that attempt to create a "sense of urgency" or an immediate call to action.

FFIEC

The Federal Financial Institutions Examination Council ("FFIEC"), which is comprised of the Office of the Comptroller of the Currency (OCC), Office of Thrift Supervision (OTS), Board of Governors of the Federal Reserve System (FRB), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA) (the Agencies) recently issued guidance (Guidance) to assist their regulated financial institutions in managing risks presented by reverse mortgage products.

The Guidance applies to all banks and their subsidiaries, bank holding companies (other than foreign banks) and their nonbank subsidiaries, savings associations and their subsidiaries, savings and loan holding companies and their subsidiaries, credit unions, U.S. branches and agencies of foreign banks engaged in reverse mortgage transactions, and any other entity supervised by those adopting the Guidance. The Guidance refers to all of those covered as "institutions." However, some state mortgage banking regulators with authority over non-bank mortgage lenders have posted notices that such agencies expect their non-bank regulated entities also to follow the Guidance. And, as discussed in more detail below, at least one state mortgage regulator, Pennsylvania, has issued its own guidance on reverse mortgage marketing and lending.

The Guidance focuses on ways an institution may provide adequate information about reverse mortgage products. Under the Guidance, institutions offering either HECMs or proprietary reverse mortgages are encouraged to develop clear and balanced product descriptions and make them available to consumers shopping for a mortgage. They should set forth a description of how disbursements can be received and include timely information to supplement the TILA and other disclosures. Promotional materials and product descriptions should include information about the costs, terms, features, and risks of reverse mortgage products.

The Guidance noted that institutions should review advertisements and other marketing materials to ensure that important information is disclosed clearly and prominently. For example, institutions should review the prominence of marketing claims and any related clarifying statements to ensure that potential borrowers are not misled or deceived. Institutions also are responsible for ensuring that marketing materials do not provide misleading information about product features, loan terms, or product risks, or about the borrower's obligations with respect to taxes, insurance, and home maintenance.

The Guidance noted that consumers are not always adequately informed that reverse mortgages are loans that must be repaid (and not merely ways to access home equity). Some marketing material has prominently stated that the consumer is not incurring a mortgage, even though the fine print states otherwise.

The Guidance noted that some advertisements stated that reverse mortgage borrowers have no risk of losing their homes or are guaranteed to retain ownership of their homes for life. These advertisements did not clearly indicate the circumstances in which the reverse mortgage becomes immediately due and payable or in which borrowers may lose their homes.

Advertisements that are potentially misleading include "income for life," "you'll never owe more than the value of your home," "no payments ever," and "no risk." The Guidance noted that institutions offering reverse mortgages should clearly advise consumers about the consumers' obligation to make direct payments for taxes and insurance.

The Guidance also noted misrepresentations that reverse mortgages constitute "government benefits" or a "government program," with no explanation that the products are loans made by private entities and that the only government program for reverse mortgages is the federally-insured HECM program.

State-specific Examples of Policy and Guidelines

Pennsylvania

On July 10, 2010, the Pennsylvania Department of Banking issued a Statements of Policy on Reverse Mortgages. 40 Pa.B. 3869. The purpose of the Statement of Policy is to provide guidance to mortgage licensees regarding the Department's interpretation of the proper conduct of making, originating or servicing reverse mortgage loans and to inform licensees of the proper use of, and risks associated with, reverse mortgage loans.

The Statement of Policy provides, among other things, that licensees, when offering a proprietary reverse mortgage loan, should confirm that the applicant understands that the reverse mortgage loan being offered is not a government-sponsored or insured reverse mortgage loan and explains the differences between a proprietary reverse mortgage loan and government-sponsored or insured reverse mortgage loan. Licensees also should not offer, solicit or make a reverse mortgage loan for the purpose of financing the sale of a product or service by the licensee or any affiliated person.

Connecticut

In connection with an advertisement in Connecticut, a mortgage lender, correspondent lender or broker may not use a simulated check.

Further, a lender may not make representations such as "verified as eligible", "eligible", "preapproved", "prequalified" or similar words or phrases, without also disclosing, in immediate proximity to and in similar size print, language which sets forth prerequisites to qualify for the residential mortgage loan, including, but not limited to, income verification, credit check, and property appraisal or evaluation.

A lender may not use any words or symbols in the advertisement or on the envelope containing the advertisement that give the appearance that the mailing was sent by a government agency.

Conn. Gen. Stat. Ann. § 36a-497(2).

Georgia

Small loan licensees in Georgia may not use any advertising in the form of a simulated check or other negotiable instrument. While this law generally does not apply to mortgage lenders, use of a simulated check along with other factors such as erroneous messaging or the unauthorized use of a celebrity's likeness, could be seen as unfair and deceptive advertising.

Nevada

The mortgage regulator in Nevada has proposed rules that a licensee shall not use advertising material that simulates the appearance of a check or a communication from a governmental entity, or an envelope containing a check or a communication from a governmental entity, unless:

(A) The words "THIS IS NOT A CHECK," "NOT NEGOTIABLE" or "THIS IS NOT A GOVERNMENTAL ENTITY," as appropriate, appear prominently on the envelope and any material that simulates the appearance of a check or a communication from a governmental entity; and

(B) If the material simulates the appearance of a check, the material does not contain an American Bankers Association number, microencoding or any other marks intended to create the appearance that the material is a negotiable check.

Texas

A second mortgage lender is prohibited from advertising, displaying, or distributing mailing pieces which have a similarity or resemblance to a blank counter check, postal or express money order, U.S. currency, cash, exchange certificate, or any negotiable instrument whatsoever, or any federal, state, or local government warrant. In addition, a lender is prohibited from using an envelope which in any way indicates or implies that it is from federal, state, or local government. 7 Tex. Admin. Code § 83.855. While this law does generally not apply to first lien lenders, use of a simulated check along with other factors such as erroneous messaging or the unauthorized use of a celebrity's likeness, could be seen as unfair and deceptive advertising.

NOTE: In providing the foregoing information about federal and state laws and regulations, neither NRMLA nor the NRMLA Ethics Committee is intending to provide legal advice or guidance to NRMLA Members or others, or to express any opinions with respect to such laws or regulations. NRMLA Members and others should seek and receive the advice of qualified legal and other advisors before relying on the information provided in this Appendix, which is provided for the general information of NRMLA Members.

MORTGAGE FRAUD IS INVESTIGATED BY THE FBI



Mortgage Fraud is investigated by the Federal Bureau of Investigation and is punishable by up to 30 years in federal prison or \$1,000,000 fine, or both. It is illegal for a person to make any false statement regarding income, assets, debt, or matters of identification, or to willfully overvalue any land or property, in a loan and credit application for the purpose of influencing in any way the action of a financial institution.

Some of the applicable Federal criminal statutes which may be charged in connection with Mortgage Fraud include:

- 18 U.S.C. § 1001 - Statements or entries generally
- 18 U.S.C. § 1010 - HUD and Federal Housing Administration Transactions
- 18 U.S.C. § 1014 - Loan and credit applications generally
- 18 U.S.C. § 1028 - Fraud and related activity in connection with identification documents
- 18 U.S.C. § 1341 - Frauds and swindles by Mail
- 18 U.S.C. § 1342 - Fictitious name or address
- 18 U.S.C. § 1343 - Fraud by wire
- 18 U.S.C. § 1344 - Bank Fraud
- 42 U.S.C. § 408(a) - False Social Security Number

Unauthorized use of the FBI seal, name, and initials is subject to prosecution under Sections 701, 709, and 712 of Title 18 of the United States Code. This advisement may not be changed or altered without the specific written consent of the Federal Bureau of Investigation, and is not an endorsement of any product or service.