

Cortez Masto, Rubio Urge Trump Administration to Protect Seniors from Eviction Under Reverse Mortgage Program

Wednesday, May 31, 2017

Las Vegas, NV – U.S. Senators Catherine Cortez Masto (D-Nev.) and Marco Rubio (R-Fla.), members of the Senate Special Committee on Aging, sent a letter to HUD Secretary Ben Carson and OMB Director Mick Mulvaney to raise concerns about a proposed legislative provision in the President’s FY18 budget that would remove protections for widows and widowers facing eviction under the reverse mortgage program. The senators urged the Administration to keep existing safeguards in place to protect seniors from losing their homes.

“While reverse mortgages can provide an important source of financial security for seniors by allowing them to tap the value of their home and age-in-place, they have also raised a number of concerns,” **the senators said**. “One such concern arising in recent years relates to what happens when a homeowner dies, and is survived by a spouse that was not an original borrower on the reverse mortgage. Under previous Home Equity Conversion Mortgage (HECM) rules, upon the death (or move-out) of the original borrower, the reverse mortgage loan became immediately due, meaning that surviving spouse had to either pay the loan in full, or face eviction.”

“Given the gravity of potential changes to this law, we therefore request a written response outlining the rationale underlying this proposed change. We also urge that you continue to ensure that widows do not face eviction in these circumstances,” **the senators concluded**.

Seniors could account for nearly one-third of Nevada’s population by 2030. Nevada’s booming elderly population raises unique housing challenges, such as facing eviction under the reverse mortgage program at a time when widows and widowers are already grieving the loss of their partner.

The full text of the letter is below and can be found here:

May 31, 2017

Dear Secretary Carson and Director Mulvaney:

We write to request additional information about a provision in the Appendix of the President's fiscal year 2018 (FY) budget regarding existing policy to keep seniors in their homes after the death of their spouse.

The Federal Housing Administration (FHA) provides insurance under the Home Equity Conversion Mortgage (HECM) program, known to most Americans as "reverse mortgages." While reverse mortgages can provide an important source of financial security for seniors by allowing them to tap the value of their home and age-in-place, they have also raised a number of concerns. One such concern arising in recent years relates to what happens when a homeowner dies, and is survived by a spouse that was not an original borrower on the reverse mortgage. Under previous HECM rules, upon the death (or move-out) of the original borrower, the reverse mortgage loan became immediately due, meaning that surviving spouse had to either pay the loan in full, or face eviction.

This loophole compounded the stress faced by widows and widowers at a time when they were already grieving the loss of their spouse. One news article from 2015, for example, documented the story of a Nevada widow surviving on a fixed income, who was faced with possible foreclosure after the death of her husband. Florida, home to the largest percentage of seniors in the country and countless retirement communities, has experienced similar cases. In light of harrowing stories like this, the Department of Housing and Urban Development (HUD) has, in the last few years, taken action to reform the HECM program, protect consumers, and shield taxpayers from the risk posed to the FHA's insurance fund.

It appears that the President's FY 2018 budget seeks to make a change to the reverse mortgage program. Namely, Section 223 in the "General Provisions" portion of the HUD budget seeks to amend language in the National Housing Act pertaining to safeguards which protect widows and widowers from displacement.

Given the gravity of potential changes to this law, we therefore request a written response outlining the rationale underlying this proposed change. We also urge that you continue to ensure that widows do not face eviction in these circumstances.

Sincerely,

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