

History

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A Capsule History of Reverse Mortgages in the United States

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1961

First reverse mortgage loan made by Nelson Haynes of Deering Savings & Loan (Portland, ME) to Nellie Young, the widow of his high school football coach

1963

First property tax deferral program offered in Oregon, financed through Public Employees Retirement Fund

1970

Survey research on a "housing annuity plan" conducted in Los Angeles by Yung-Ping Chen of UCLA

1975

Technical monograph on "Creating New Financial Instruments for the Aged" authored by Jack M. Guttentag of The Wharton School

1977

First RM loan program, "Equi-Pay", introduced by Arlo Smith of Broadview Savings & Loan in Independence, OH

1978

"Reverse Mortgage Study Project" funded by Wisconsin Bureau on Aging, directed by Ken Scholen

First statewide deferred payment loan program offered by WI Dept of Local Affairs and Development, designed by William Perkins

1979

First national "Reverse Mortgage Development Conference" sponsored by WI Bureau on Aging in Madison, WI on May 21-22

San Francisco Development Fund's "Reverse Annuity Mortgage (RAM)" program funded by Federal Home Loan Bank Board, foundations, and WI Bureau on Aging; directed by Don Ralya

1980

Unlocking Home Equity for the Elderly, edited by Ken Scholen and Yung-Ping Chen, published by Ballinger (Cambridge, MA)

Two-year "Home Equity Conversion Project" funded by U.S.

Administration on Aging, directed by Ken Scholen

FHA reverse mortgage insurance proposal by Ken Scholen endorsed by housing pre-conference to 1981 White House Conference on Aging

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1981

National Center for Home Equity Conversion (NCHEC) incorporated as independent, non-profit organization in Madison, WI; directed by Ken Scholen

U. S. House Select Committee on Aging hears first Congressional testimony on reverse mortgages, by Ken Scholen

White House Conference on Aging endorses proposal for FHA RM insurance, recommending that "the FHA should develop an insurance program for reverse mortgage loans"

Newsweek, Time, U.S. News, Good Morning America provide first national media exposure for reverse mortgages

San Francisco RAM program closes first loans

1982

"National Potential for Home Equity Conversion" authored by Bruce Jacobs (University of Rochester)

San Francisco RAM program expands to new sites in California, directed by Bronwyn Belling

U. S. Administration on Aging funds NCHEC research on federal issues - including FHA RM insurance

U. S. Senate Special Committee on Aging stages first hearing on reverse mortgages; staffed by John Rother; testimony by Ken Scholen, Jack Guttentag, Maurice Weinrobe, James Firman

U. S. Senate Special Committee on Aging issues report citing need for reverse mortgage insurance

Garn-St. Germain Depository Institutions Act clears regulatory path for reverse mortgages; first federal statutory recognition of reverse mortgages

1983

Federal Council on Aging supports proposal for FHA reverse mortgage insurance

FHA reverse mortgage insurance demonstration program proposed by U.S. Department of Housing and Urban Development (HUD) in housing bill

"RMs: Problems and Prospects for a Secondary Market and an Examination of Mortgage Guaranty Insurance", authored by Maurice Weinrobe (Clark University)

"National Development Conference" sponsored by NCHEC with HUD support in Washington, DC; greetings sent by President Reagan and Representative Claude Pepper

U.S. Administration on Aging funds NCHEC information and training project

"Home Equity Financing of Long-Term Care for the Elderly" by Bruce Jacobs (University of Rochester) and William Weissert (Urban Institute)

FHA insurance proposal by Sen John Heinz adopted by Senate; House-Senate conference committee mandates HUD study

1984

First open-ended, risk-pooling reverse mortgage offered by American Homestead in New Jersey

SF RAM program and NCHEC provide training and technical assistance to new reverse mortgage programs in AZ, MA, NY, WI

Prudential-Bache announces marketing agreement with American Homestead

Social Security Administration releases policy memo on treatment of income from HEC plans

1985

HUD sponsors conference on home equity conversion

U. S. Senate & House Aging Committees sponsor joint briefing session for Congressional staffers, moderated by Ken Scholen

Line-of-credit development project initiated by United Seniors Health Cooperative (DC), directed by Bronwyn Belling

First "split-term" RM offered by CT Housing Finance Agency, designed by Stuart Jennings and Arnold Pritchard

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1986

"Home Equity Information Center" established by AARP, directed by Katrinka Smith Sloan

American Homestead expands into CT, OH, and PA

California Home Equity Conversion Coalition established by RAM program counselors

MA Elderly Equity Program funded by Commonwealth of Massachusetts, directed by Len Raymond

HUD releases study opposing a federal reverse mortgage insurance demonstration

AARP releases analysis by Ken Scholen critiquing HUD study; AARP urges enactment of federal RM insurance demo

1987

NCHEC completes studies on home equity financing of long-term care for Minnesota and Connecticut

U.S. House Ways and Means Committee hears testimony on HEC and long-term care by James Firman (United Seniors) and Ken Scholen (NCHEC)

Congress passes FHA reverse mortgage insurance proposal

American Homestead expands into DE, MD, and VA

"Home-Made Money: A Consumer Guide to HEC" published by AARP, authored by Ken Scholen

1988

National survey of members' reverse mortgage needs and preferences by AARP

FHA reverse mortgage insurance legislation signed by President Reagan on 2/5/88; Judith V. May named to develop program

HUD announces HECM development team including Edward Szymanoski, Jr, Patrick Quinton, Donald Alexander, and Mary Kay Roma

"Innovation in Home Equity Conversion" conference sponsored by AARP; attracts 200 participants from 25 states

New plan announced by Capital Holding Corporation (Louisville, KY); 10th largest investor-owned insurance company in America; "Home Income Security Plan" first offered in KY, MD, and VA

First line-of-credit reverse mortgage developed by VA Housing Development Authority

American Homestead expands into CA

Providential Home Income Plan (San Francisco) offers shared-appreciation plan throughout CA

HUD releases proposed regulations for FHA reverse mortgage insurance program

Fannie Mae announces intention to purchase reverse mortgages

insured by FHA

U. S. Administration on Aging announces cooperative agreement with HUD to sponsor training of reverse mortgage counselors

1989

"A Financial Guide to Reverse Mortgages" by Ken Scholen for NCHCEC introduces total loan cost rate method for analyzing costs

HUD selects 50 lenders by lottery to make first FHA-insured reverse mortgages

Software for determining reverse mortgage loan advances developed by FHA and made available to the public

Wendover Funding (NC) announces program for servicing FHA-insured reverse mortgages

HUD releases "Home Equity Conversion Mortgage" (HECM) program handbook (# 4235.1)

Fourteen 2-day HECM counselor training sessions conducted by Bronwyn Belling (AARP) and Ken Scholen (NCHCEC) for FHA

Capital Holding expands into CA and FL

FNMA announces policies for purchasing FHA-insured (HECM) reverse mortgages

First FHA-insured HECM made to Marjorie Mason of Fairway, KS by the James B Nutter Co

National Center for Home Equity Conversion (NCHCEC) moves from Madison, WI to Marshall, MN

1990

AARP releases FHA Counselor Training and Reference Manual, by Bronwyn Belling and Ken Scholen

American Homestead and Providential suspend lending as recession and falling appreciation expectations dry up debt sources for new loans

Fourteen more 2-day counselor training sessions conducted by Bronwyn Belling (AARP) and Ken Scholen (NCHCEC) for HUD

"Reverse Angle" newsletter published for FHA counselors by AARP Home Equity Information Center

Congress increases FHA insurance authority to 25,000 loans by 9/31/95; requires disclosure of total loan cost & development of equity reserve option

AARP publishes "Model State Law on Reverse Mortgages"

HUD publishes "FHA Home Equity Conversion Insurance Demonstration: A Model to Calculate Borrower Payments and Insurance Risk," by Edward Szymanoski Jr.

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1991

Los Angeles County Employees Retirement Association sponsors information seminar on reverse mortgages as a potential fund investment and member benefit

AARP publishes 3rd edition of "Home-Made Money" by Ken Scholen; distribution tops 250,000

New consumer guide developed by Federal Trade Commission in partnership with NCHEC and AARP

HUD publishes new regulations making reverse mortgage insurance available to all FHA lenders

Interim report on FHA program by Judith V. May

Retirement Income On The House: Cashing In On Your Home With A "Reverse" Mortgage, 352-page book by Ken Scholen, preface by Jane Bryant Quinn published by NCHEC

National Leadership Conference on Home Equity Conversion sponsored by AARP (9/91)

First lifetime reverse mortgage programs proposed by Peter Mazonas of Homefirst (San Francisco) and Robert Bachman of Home Equity Partners (Irvine, CA)

FNMA expands funding for expanded HECM program; develops comprehensive "Instruction Package"

Wendover Funding announces correspondent program and "starter kit" for lenders

First multi-state HECM lending programs developed by International Mortgage (DE, DC, MD, PA, VA, WV), Directors Mortgage (AZ, CA, NV), and ARCS Mortgage (CA, HI, NY, OR, WA)

1992

Capital Holding Corporation airs 60-second and 120-second prime-time network television ads in CA and FL for its "Homeearnings" plan

Initial public stock offering by Providential Home Income Plan attracts strong investor interest

AARP publishes 79-page discussion paper on reverse mortgage counseling by Ken Scholen

AARP releases videotape for counselor training written and narrated by Ken Scholen

U. S. Securities & Exchange Commission issues directive prohibiting interest accrual in reverse mortgage accounting

U. S. Securities & Exchange Commission rescinds previous directive; issues directive on effective yield method for reverse mortgage accounting

AARP sponsors community coalition-building seminars in support of HECM development in OH, WI, IA, NY, NJ, PA, IL

Retirement Income On The House: Cashing In On Your Home With A "Reverse" Mortgage named best book of 1992 on financial services for the elderly by the National Association of State Units on Aging (NASUA)

HECM preliminary evaluation released by HUD

1993

Transamerica announces reverse mortgage product including deferred annuity from MetLife

Fannie Mae convenes roundtable on developing a conventional reverse mortgage

Capital Holding discontinues "Homearnings" plan

NCHEC prepares report on taxation of reverse mortgage transactions for AARP

Home Equity Partners (Irvine, CA) & Union Labor Life announce new "Freedom" plan including optional immediate annuity from MetLife

Wendover convenes 2-day conference of HECM originators

AARP sponsors community seminars in support of HECM program development in CA, LA, MI, & MS

Fannie Mae initiates series of information sessions for financial planners and elderlaw attorneys

Andrus Gerontology Center (USC) convenes national teleconference on reverse mortgages

National Center for Home Equity Conversion (NCHEC) moves from Marshall, MN to Apple Valley, MN

At year's end, the HECM program is all states except AK, SD, & TX); Unity Mortgage offers it in 25 states; Senior Income in 14 states; Directors Mortgage in 14 states; Amerifirst Mortgage in 9 states; ARCS Mortgage in 6 states; & International Mortgage in 4 states

1994

Household Senior Services offers "Ever Yours" creditline reverse mortgage in FL, GA, IL, KY, MD, MI, OH, and VA

Congress enacts "total loan cost rate" disclosure requirement for all reverse mortgages; Federal Reserve publishes proposed regulations

NCHEC prepares report on "Reversing Foreclosures" for AARP

New York rescinds mortgage tax on reverse mortgages

U. S. Court of Appeals (5th Circuit; # 93-8170; First Gibraltar V. Morales) removes legal barrier to RM lending in Texas; Rep. Gonzales legislates statutory override of court decision

CA Public Employees Retirement System (CALPERS) initiates study of reverse mortgage investment

Transamerica introduces creditline plan and expands into NY, NJ, PA, and CT

At year's end, Unity Mortgage is offering the HECM in 42 states and Director's Mortgage has merged with Norwest Mortgage

1995

HUD releases "Evaluation of the Home Equity Conversion Mortgage Insurance Demonstration"

HUD releases first major revision of HECM handbook 4235.1

HUD approves direct endorsement processing of HECM loans

NCHEC publishes **Your New Retirement Nest Egg: A Consumer Guide to the New Reverse Mortgages** by Ken Scholen, 336 pages

AARP publishes 5th edition of "Home-Made Money" by Ken Scholen; distribution tops 400,000

HECM program lapses at end of federal fiscal year

AARP sponsors national conference on reverse mortgages in MD on 11/14-15

Fannie Mae announces "HomeKeeper" plan; media coverage includes front-page, above-the-fold article in USA Today

FHA Commissioner's Award presented by Nicolas Retsinas to Ken Scholen for his work on reverse mortgages

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1996

HECM program re-authorized on January 26, 1996

Fannie Mae begins lender training for "Home Keeper"

NCHEC issues Second Edition of **Your New Retirement Nest Egg: A Consumer Guide to the New Reverse Mortgages** by Ken Scholen, 352 pages

Hartford Life tests annuity complement to HECM and Fannie Mae reverse mortgages

HUD initiates counselor training via satellite TV

1997

AARP releases consumer videotapes written by Ken Scholen featuring Scholen and Bronwyn Belling

AARP sponsors HUD counselor training via satellite TV featuring Belling and Scholen

Referral fee scams denounced by AARP, HUD, Fannie Mae

Household Senior Services discontinues "Forever Yours" plan

AARP announces counselor support fund capitalized by HUD and Fannie Mae

NCHEC initiates "preferred" lender and counselor program and releases "Reverse Mortgage Counselor" software

Ibis Software (SF) releases "Reverse Mortgage Originator"

Texas approves referendum to permit RMs, but technical errors make impact uncertain, problematic

AARP sponsors national reverse mortgage leadership round-table and conference

National Reverse Mortgage Lenders Association (NRMLA) organized by Jeffrey Taylor with Peter Bell as staff

1998

NCHEC circulates discussion papers on "Strengthening Cost Disclosures on Reverse Mortgages" by Ken Scholen

AARP releases "HECM Training-in-a-Box" including videotapes, workbook, HECM handbook, and counseling manual

Fannie Mae conducts market research to identify reverse mortgage market segments

NCHEC publishes "Reverse Mortgages for Beginners: A Consumer Guide to Every Homeowner's Retirement Nest Egg," 132 pages

NCHEC establishes website at www.reverse.org

Transamerica HomeFirst (SF) discontinues originating its proprietary "HouseMoney" loans and servicing new HECM and HomeKeeper loans

Federal Reserve clarifies inclusion of annuities in TALC disclosures

1999

Neighborhood Reinvestment Corporation (NRC) provides HECM training in cooperation with AARP

Texas approves reverse mortgage lending in statewide referendum but prohibits creditline choices preferred by most consumers

Fannie Mae announce new consumer protections in 5/22 lender letter

NRMLA and AARP support absolute limit on origination fees, refinancing reforms, and research on a single national 203b limit

AARP initiates test of HECM counseling by telephone and develops reverse mortgage counselor exam in cooperation with HUD, Fannie Mae, and NRMLA

2000

First national reverse mortgage counseling exam is taken by 425 counselors in 43 states

NRC provides 2-day HECM training in Atlanta, Minneapolis, Oakland, Tampa, New Orleans, and San Antonio

AARP completes "Model Specifications for Comparing Reverse Mortgages;" Financial Freedom and Fannie Mae agree to develop new software implementing the specifications

Congress approves absolute limit on origination fees, refinancing reforms, and research on a single national 203b limit

Fannie Mae discontinues "equity share" pricing option

AARP Foundation selects 30 HECM counselors to participate in HUD-supported pilot "telecounseling" project

Financial Freedom becomes largest reverse mortgage originator via merger with Unity Mortgage

2001

AARP releases new 68-page consumer guide, creates new reverse mortgage portal at www.aarp.org/revmort/, announces new tollfree consumer infoline and availability

of HECM counseling by telephone

Fannie Mae announces it will waive the equity share fee on all loans in its Home Keeper portfolio

Financial Freedom releases counseling software meeting AARP model specifications

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