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INDEPENDENT REGULATORY
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August 10, 2007

Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

RE: Public Comments with Regard to Proposed Regulations Relating to Proper Conduct of Lending and Brokering in the Mortgage Loan Business

Dear Commission Members,

As drafted, your proposed regulation entitled, "Proper Conduct of Lending and Brokering in the Mortgage Loan Business" prohibits Pennsylvania mortgage bankers and brokers from providing reverse mortgage products, including HUD's Home Equity Conversion Mortgage, to your senior homeowner community.

The specific areas of concern include:

1. Proposed Section 46.2(e)(1): requires the licensee to determine that the borrower has the income and ability to repay the loan;
2. Proposed Section 46.2(e)(4): states that the licensee may not rely primarily on the sale of the collateral for repayment; and
3. Proposed Section 46.2(f)(1): states that the licensee may not imply that an applicant's income is irrelevant to the loan transaction.

Reverse mortgages were designed to enable elderly homeowners the ability to convert the equity in their homes into monthly streams of income and/or lines of credit. Unlike a "forward" mortgage in which the lien is repaid in periodic payments, the reverse mortgage is repaid in one payment after the borrower no longer occupies the home as a principal residence.

As monthly payments are not a requirement for a reverse mortgage, the income and ability of the borrower to make monthly payments is not a concern. Reverse mortgages are also non-recourse loans, meaning the borrower or the estate will never owe more than the value of the property. A deficiency judgment cannot be taken against the borrower or estate because there is no personal liability for payment of the reverse mortgage loan balance. As stated in HUD Handbook 4235.1, Section 1-3(C), "no assets other than the home must be used to repay the debt."

Given the foregoing, we respectfully request that reverse mortgages be made exempt from the proposed regulations by adding the following as Subsection (iii) to the definition of "Loan" under

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proposed Section 46.1: *"The term does not include any consumer mortgage transaction that constitutes a reverse mortgage as long as the loan is non-recourse to the borrower."*

Thank you for your consideration in this matter.

Cordially,



Joel Schiffman
Senior Vice President
General Counsel