

Reverse Mortgage Lending (Dual) Authority Instructions

WHO IS REQUIRED TO HAVE THIS AUTHORITY?

New York State licensed mortgage bankers that engage in the business of making reverse mortgage loans on 1-4 family residential property located in the State of New York. Entities seeking to originate both

Proprietary Reverse Mortgage Loans under Section 280 and 280-a of the New York Real Property Law, and

Federal Housing Administration (“FHA”) – Home Equity Conversion Mortgage (HECM)

[must provide documentation supporting FHA’s approval to originate HECMs]

Making a reverse mortgage loans means for compensation or gain either directly or indirectly, advancing funds, offering to advance funds, or making a commitment to advance funds to an applicant for a reverse mortgage loan or a mortgagor as a reverse mortgage loan.

Pursuant to 3 NYCRR 79.3(a) “No person or entity may engage in the business of making a reverse mortgage loan unless they are licensed to make mortgage loans pursuant to section 591 of the Banking Law or are an exempt organization.” Also, pursuant to 3 NYCRR 79.3(b) “no person or entity may engage in the business of making a reverse mortgage loan unless they have applied and are granted such right by the superintendent.”

APPLICATION REQUIREMENTS

- Must hold a valid NY Mortgage Banker License
- Must be an approved FHA Non-Supervised Lender with Title II HECM Lending Authority
- Must meet financial responsibility requirements of Part 410.1(b)
- Net Worth - \$5,000,000 plus a ½ of 1 percent of the total volume originated in excess of \$15,000,000

THE APPLICANTS NMLS NUMBER MUST BE INCLUDED IN THE EMAIL SUBJECT LINE FOR ALL DOCUMENTS SUBMITTED ELECTRONICALLY VIA EMAIL

Cover Letter: Submit a cover letter requesting authority to originate HECM reverse mortgage loans on 1-4 family properties located in New York. The cover letter must include the following:

- **Primary Company Contact.** The individual named must have executive management level responsibility for the company’s reverse mortgage origination activities
- **Primary Consumer Complaint Contact.** Provide name of individual if different from the person currently listed on the company’s mortgage banker license.
- **Trade Name.** If the company use a specific name for its reverse mortgage lending business that name must be included in this letter. **Note**, the name must be currently approved by the Department under the company’s mortgage banker license. If the name is not approved, it cannot be utilized until approval is granted.
- **Financial Statements.** If applicable, a statement that the past two year’s financial statements can be found on the company’s Mortgage Banker License records in NMLS.

Mail to New York State
Department of Financial
Services

**Original Document must
be mailed to NY-DFS**

and Email to:

MBELECTRONIC@dfs.ny.gov

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| <p>Corporate Financial Statements: Applicants submit the following corporate financial statements:</p> <p>(A) Audited financial statement for the past two fiscal years prepared by a Certified Public Accountant in accordance with Generally Accepted Accounting Principles and</p> <p>(B) Unaudited financial statement for the most recent quarter signed and affirmed by an executive officer of the company.</p> <p>Financial statements should include a Balance Sheet, Income Statement and Statement of Cash Flows and all relevant notes thereto.</p> | <p>Note: Do not submit financials if the past two fiscal year financials are already uploaded in NMLS.</p> <p>Your cover letter must state that the financials are available in NMLS</p> |
| <p>AML/BSA Policy: Submit the most recent version of Anti-Money Laundering (AML) / Bank Secrecy Act (BSA) Policy and the most recent Independent Review of the AML/BSA Program.</p> | <p>Email to: MBELECTRONIC@dfs.ny.gov</p> |
| <p>Document Samples: Submit copies of the following documents used in the regular course of business in connection with this authority:</p> <p>Reverse Mortgage Disclosures forms provided to prospective borrower</p> | <p>Email to: MBELECTRONIC@dfs.ny.gov</p> |
| <p>Management Chart: Submit a Management chart displaying the applicant’s directors, officers, and managers (individual name and title). Must also identify compliance reporting and internal audit structure.</p> <p>The management chart must reflect the oversight structure of the reverse mortgage lending operations</p> | <p>Email to: MBELECTRONIC@dfs.ny.gov</p> |
| <p>Company Staffing and Internal Policies: Submit information on staffing and internal organizational policies and procedures addressing the following:</p> <p>Reverse Mortgage Lending Policy</p> | <p>Email to: MBELECTRONIC@dfs.ny.gov</p> |
| <p>Standby Letter of Credit: Submit a copy of an irrevocable standby letter of credit in favor of the lender in an amount necessary to fund all reverse mortgage loans requirements anticipated to be made over the next 12 months or \$3,000,000 whichever is greater. The standby letter of credit must meet the following guidelines:</p> <ul style="list-style-type: none"> • Issued by a financial institution that is not affiliated with the applicant; • Initial term of at least two years; | <p>Email to: MBELECTRONIC@dfs.ny.gov</p> <p>OR Mail to: New York State Department of Financial Services</p> |
| <p>Lenders A.M. Best Report: Submit a copy of the lender’s report issued by A.M. Best Company</p> | <p>Email to: MBELECTRONIC@dfs.ny.gov</p> |
| <p>Trustee Agreements: Submit a copy of any trust agreement entered into between the lender and a trustee pursuant to 3 NYCRR 79.5(g)(2).</p> | <p>Email to: MBELECTRONIC@dfs.ny.gov</p> |

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| <p>Federal Housing Administration Approval Letter and Recertification: Submit a copy of the following:</p> <ul style="list-style-type: none"> • Title II Non-Supervised Mortgagee Approval Letter • Recertification for Calendar year 2020. <p>Note: Recertification must reflect authority to engage in HECM lending activities.</p> | <p>Email to: MBELECTRONIC@dfs.ny.gov OR Mail to New York State Department of Financial Services</p> |
| <p>Letter of Assurance: Provide an original signature letter on the company's letterhead stating that the applicant is, as of the date of the letter, in compliance with FHA's Non-Supervised Mortgagee requirements for the following:</p> <ul style="list-style-type: none"> • Fidelity Bond and Errors and Omission Coverage • Line of Credit • Adjusted Net Worth and Liquid Assets <p>Note: the applicant must make such attestation based on loan activity volume where FHA guidelines requires activity volume as part of the calculation for minimum requirements and compliance.</p> <p>The letter must be signed by an Executive Officer vetted and approved by NY-DFS.</p> | <p>Mail to New York State Department of Financial Services</p> <p>Original Document must be mailed to NY-DFS</p> <p>and Email to: MBELECTRONIC@dfs.ny.gov</p> |
| <p>FHA Adjusted Net Worth Computation: Provide an FHA Adjusted Net Worth Computation for the most recent month-end prior to the submission of the NY Reverse Mortgage (HECM) Lending Authority application.</p> <p>Note: If the computation reflects a deficiency, provide a copy of the Notice of Material Event submitted to FHA. If the notice has not been submitted, please provide an explanation and the date such notice will be submitted.</p> | <p>Email to: MBELECTRONIC@dfs.ny.gov</p> |
| <p>Advertisement: Provide samples of advertisement, as applicable, utilized to solicit reverse mortgage business:</p> <ul style="list-style-type: none"> • YouTube video – send link to video • Websites – provide the URL • Printed Advertisement – send photocopies • Television – provide recorded copy and script • Radio – provide copy of recording | <p>Email to: MBELECTRONIC@dfs.ny.gov OR Mail to: New York State Department of Financial Services</p> |

Contact [New York State Department of Financial Services](http://www.dfs.ny.gov) mortgage banking staff for additional assistance by email at: Mortgage.Banker@dfs.ny.gov

For U.S. Postal Service & Overnight Delivery:

*New York State Department of Financial Services –
Attention Mortgage Banking
Application Processing Unit
One State Street
New York, NY 10004*