



Yes, It's Windy, but Notice It's Behind You!

Presented by: John Lunde and
Jon McCue of Reverse Market Insight

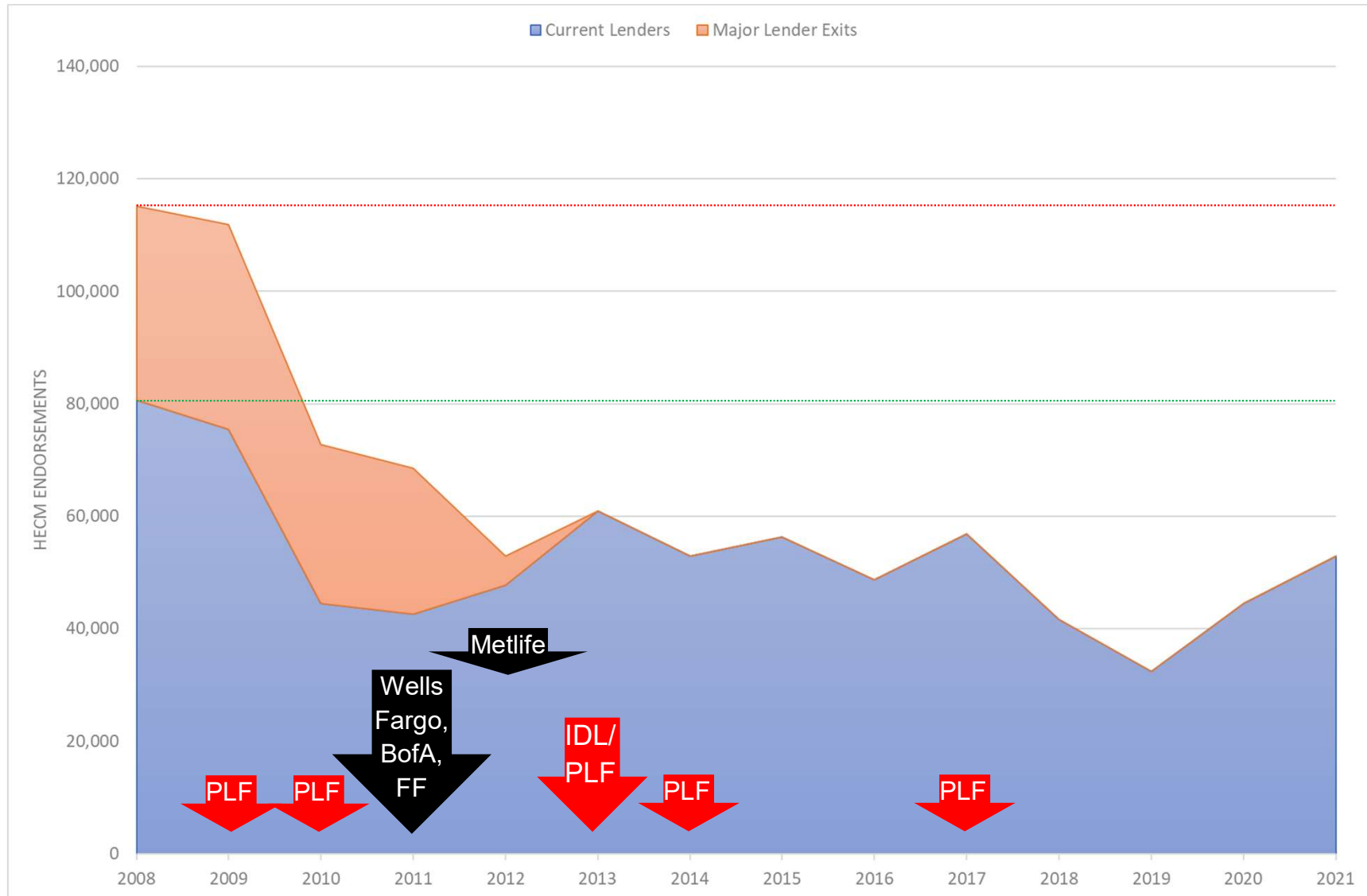
Overview

- Where have we been?
 - Volume Peak and Trough
 - Lender Exits, Product Changes
- Where are we now?
 - Pandemic Results
- Where might we be going? Why?
 - Inflation
 - Interest Rates
 - Pricing

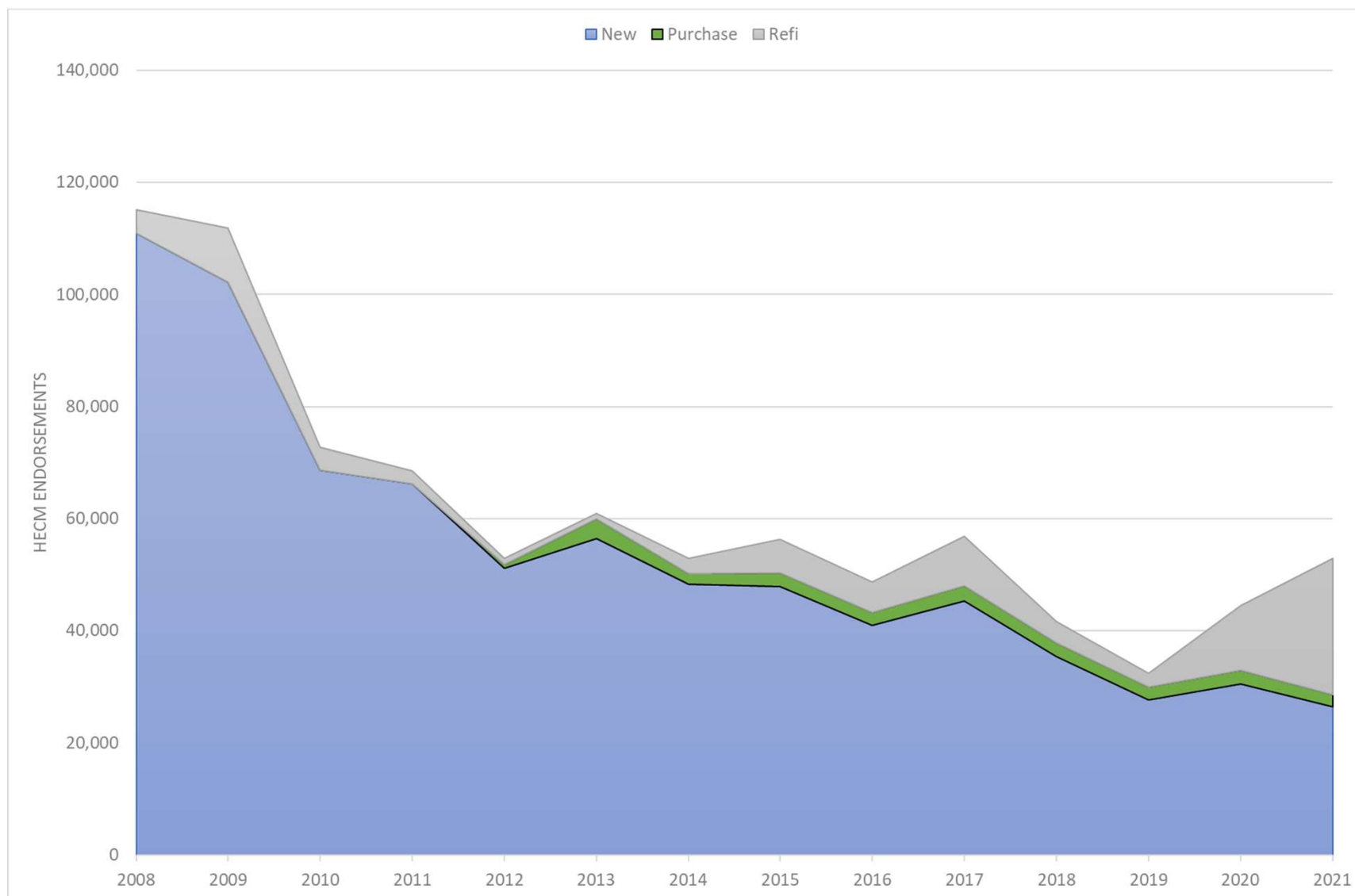
Industry Context and Historical Perspective

- Peak volume year
 - 2008 @ ~115,000 HECMs endorsed
- Recent Lows:
 - 2019 @ ~32,000 HECMs endorsed (-72% drop)
- Major Lender Exits (Top 4 in 2009):
 - Wells Fargo, Bank of America, Metlife, Financial Freedom
- Major Product Changes:
 - Initial Draw Limitations and Financial Assessment
 - PLF Reductions: 2009, 2010, 2013, 2014, 2017

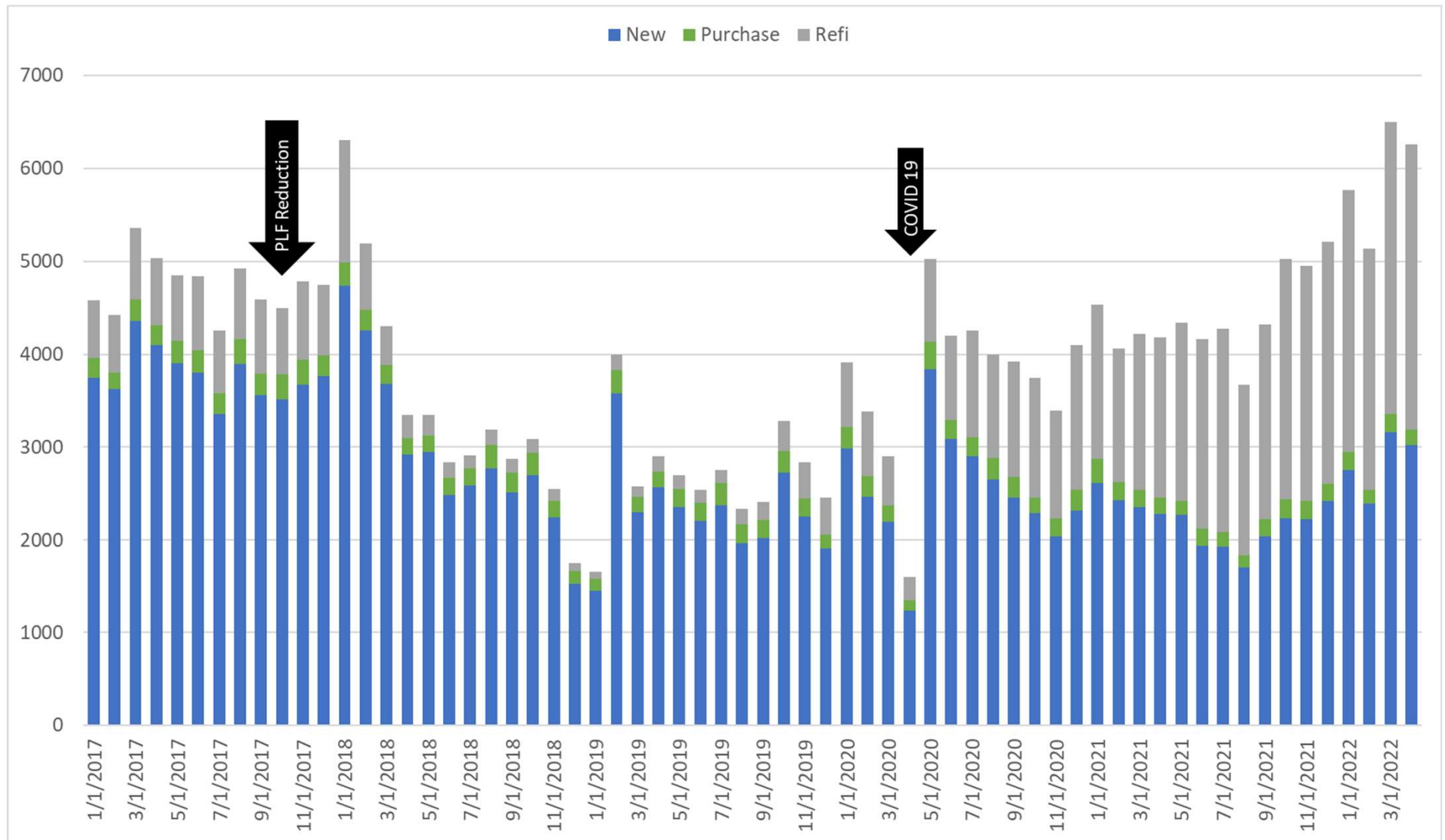
Product Changes & Major Lender Exits



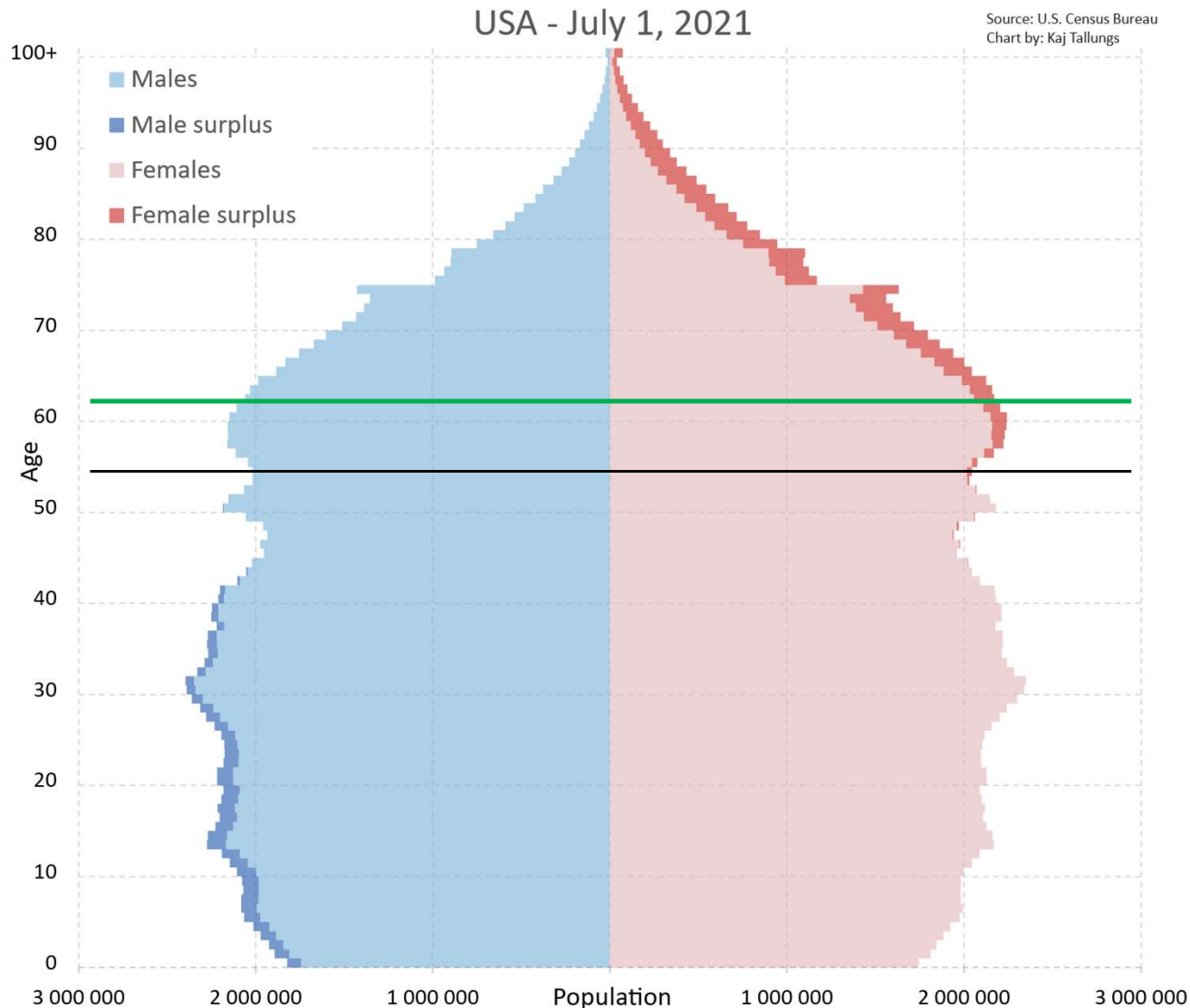
HECM Volumes by Customer Type



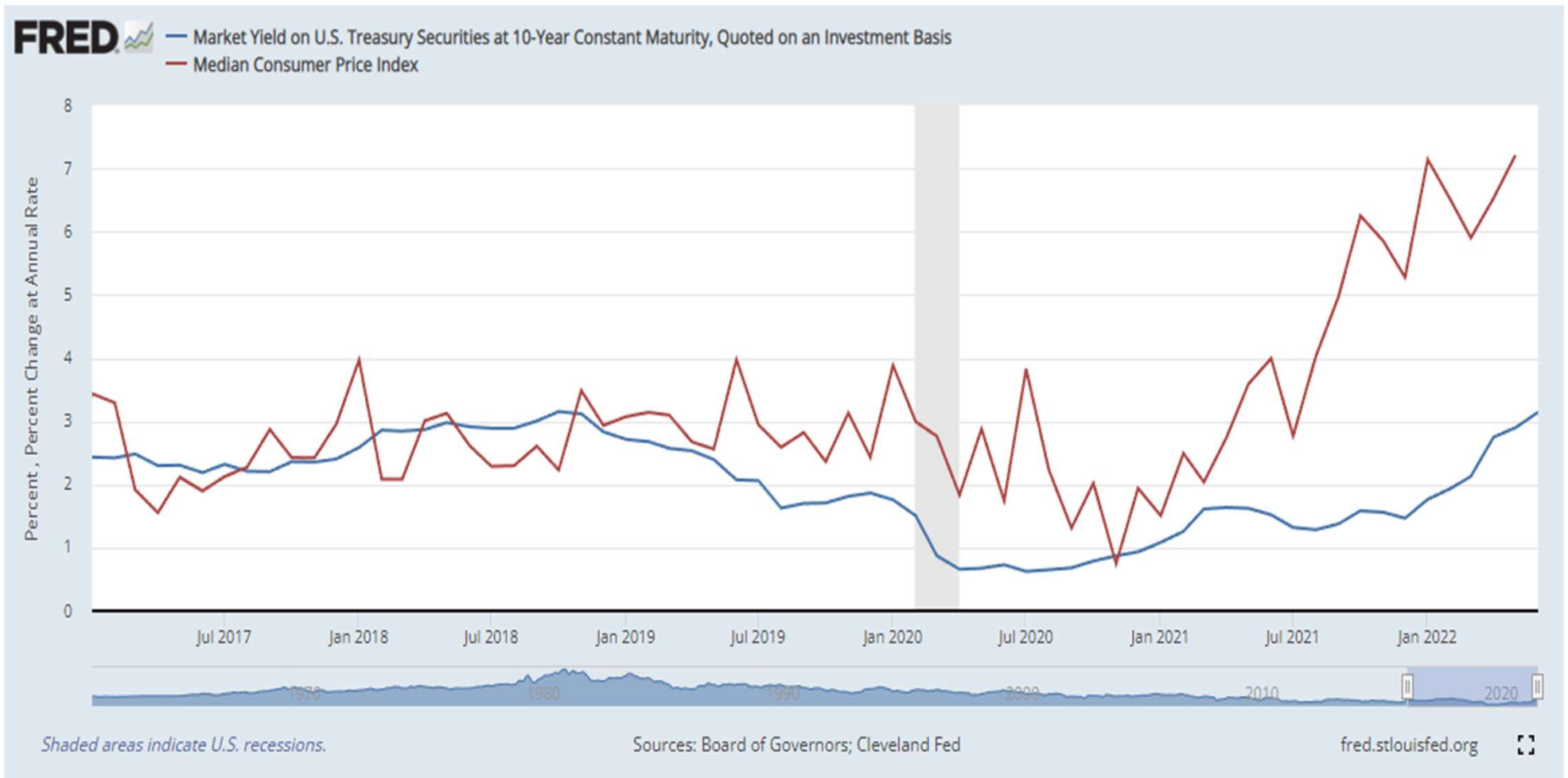
2017 to Pandemic Era



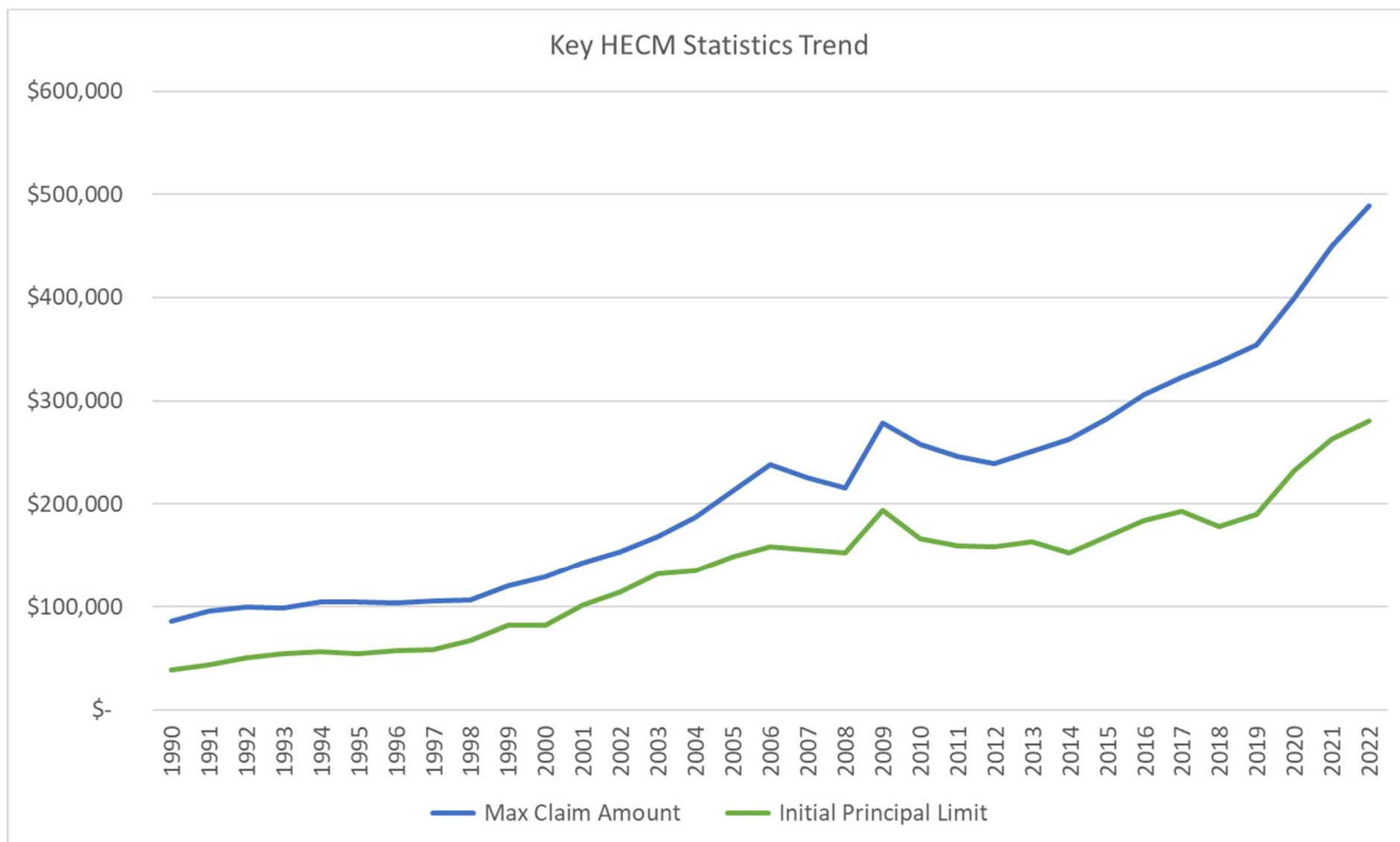
Demographics: The Ultimate Tailwind



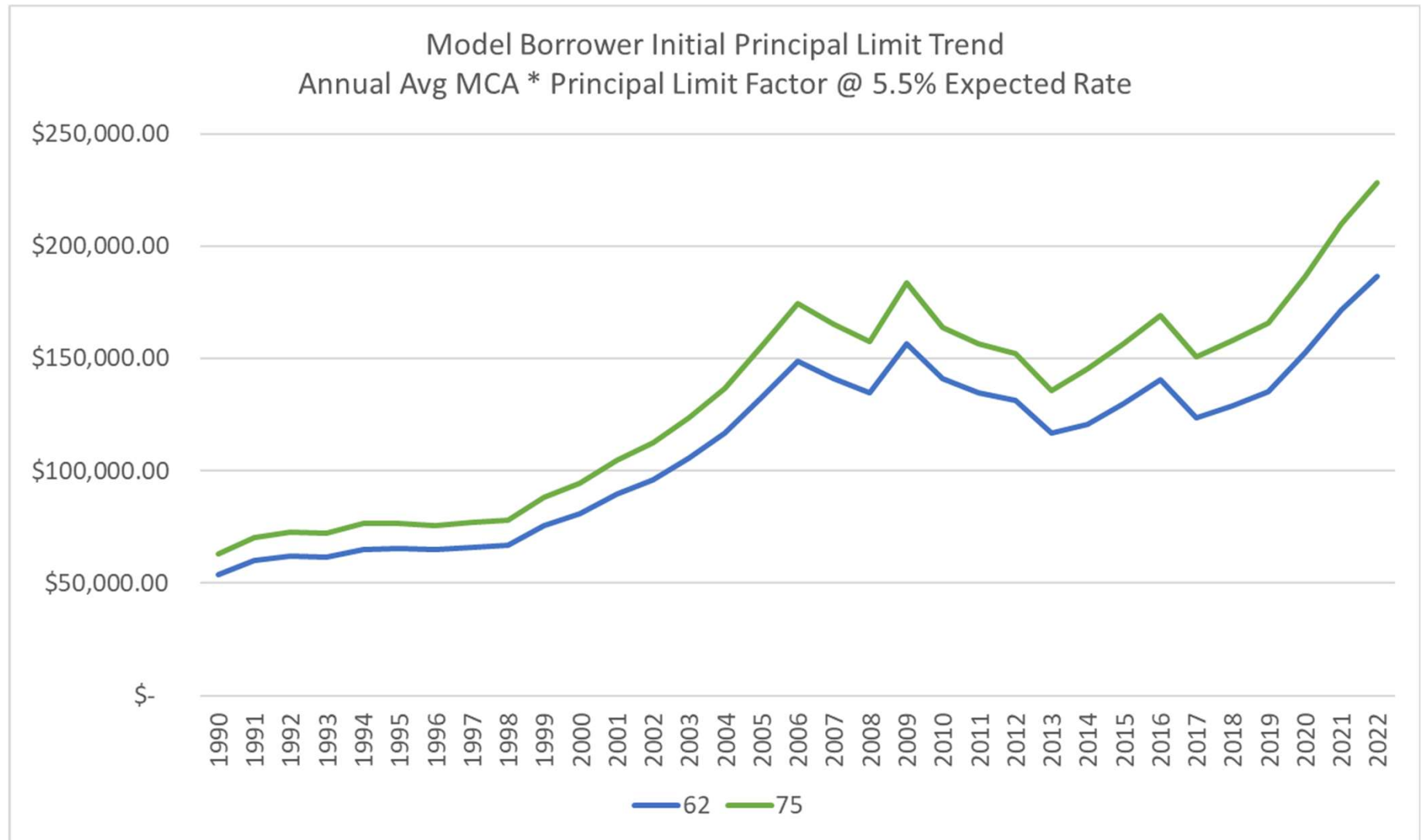
Inflation: A Net Benefit To HECMs?



Key Statistics



Example Borrowers



Why is now a good time to move forward?

Table A. Percent changes in CPI for All Urban Consumers (CPI-U): U.S. city average

	Seasonally adjusted changes from preceding month							Un-adjusted 12-mos. ended May 2022
	Nov. 2021	Dec. 2021	Jan. 2022	Feb. 2022	Mar. 2022	Apr. 2022	May 2022	
All items	0.7	0.6	0.6	0.8	1.2	0.3	1.0	8.6
Food	0.8	0.5	0.9	1.0	1.0	0.9	1.2	10.1
Food at home	0.9	0.4	1.0	1.4	1.5	1.0	1.4	11.9
Food away from home ⁽¹⁾	0.6	0.6	0.7	0.4	0.3	0.6	0.7	7.4
Energy	2.4	0.9	0.9	3.5	11.0	-2.7	3.9	34.6
Energy commodities	4.2	1.3	-0.6	6.7	18.1	-5.4	4.5	50.3
Gasoline (all types)	4.5	1.3	-0.8	6.6	18.3	-6.1	4.1	48.7
Fuel oil ⁽¹⁾	3.5	-2.4	9.5	7.7	22.3	2.7	16.9	106.7
Energy services	0.2	0.3	2.9	-0.4	1.8	1.3	3.0	16.2
Electricity	0.2	0.5	4.2	-1.1	2.2	0.7	1.3	12.0
Utility (piped) gas service	0.3	-0.3	-0.5	1.5	0.6	3.1	8.0	30.2
All items less food and energy	0.5	0.6	0.6	0.5	0.3	0.6	0.6	6.0
Commodities less food and energy commodities	0.9	1.2	1.0	0.4	-0.4	0.2	0.7	8.5
New vehicles	1.2	1.2	0.0	0.3	0.2	1.1	1.0	12.6
Used cars and trucks	2.4	3.3	1.5	-0.2	-3.8	-0.4	1.8	16.1
Apparel	0.7	1.1	1.1	0.7	0.6	-0.8	0.7	5.0
Medical care commodities ⁽¹⁾	0.1	0.0	0.9	0.3	0.2	0.1	0.3	2.4
Services less energy services	0.4	0.3	0.4	0.5	0.6	0.7	0.6	5.2
Shelter	0.5	0.4	0.3	0.5	0.5	0.5	0.6	5.5
Transportation services	0.7	0.0	1.0	1.4	2.0	3.1	1.3	7.9
Medical care services	0.3	0.3	0.6	0.1	0.6	0.5	0.4	4.0

Footnotes

⁽¹⁾ Not seasonally adjusted.

Why is now a good time to move forward?

- Cost of everyday essentials is on the rise:
 - Groceries – 11.9% increase for period ending in May 2022*
 - Gasoline – 48.7% for same time period*
 - Utilities – Electricity up 12% and Utility Gas up 30.2%*
- Other costs increasing:
 - Property Taxes (some states more than others)
 - Home Insurance due to natural disasters
 - Home repairs due to supply chain constraints

Retirement Accounts Are Getting Hit Hard

- Dow Jones
 - Lost -6.71% in June 2022
 - Down -13.63% YTD*
- S&P 500
 - Lost -8.39% in June 2022
 - Down -18.12% YTD*
- Nasdaq
 - Lost -7% in June 2022
 - Down -25.72% YTD*

*through 7/7/22



Retirement Accounts Are Getting Hit Hard

- Loss to retirement accounts
 - According to Alicia Munnell, Director of the Center for Retirement Research at Boston College
 - 401(k) plan participants have lost about \$1.4 trillion since the end of 2021
 - IRAs have lost \$2 trillion this year, and most are 401(k) rollovers
- People need money, and a reverse just may be the answer!

How large is the potential market?

- Currently there are around 27 million 62+ households that own a home.
- Only 2.19% of these households currently have an active HECM
- That means that nearly 98% don't have one!
- Add in 55+ households and that number moves to over 30 million, and drops the penetration down into the 1% area
- This means 99% of age eligible households now don't have what you are selling!

Eastern States last 12 months through May '22

State	HH	% of Mkt	Pen %	Ind Vol	Chg	Refi %	Purchase	Lenders	Avg MCA
CT	294,068	1.09%	2.70%	246	-6.46%	16.70%	7	40	\$387,462
DE	90,955	0.34%	2.60%	122	32.61%	27.90%	7	18	\$363,641
FL	2,194,889	8.17%	2.80%	5102	22.76%	43.10%	213	340	\$374,463
GA	767,253	2.85%	1.60%	1150	23.92%	34.30%	58	72	\$322,314
MA	498,839	1.86%	2.50%	626	10.80%	29.40%	4	61	\$552,900
MD	473,957	1.76%	3.20%	526	-2.23%	25.30%	6	57	\$402,068
ME	138,623	0.52%	1.80%	151	54.08%	27.80%	3	18	\$395,385
NC	896,204	3.33%	1.50%	1301	22.85%	36.70%	95	50	\$351,235
NH	114,852	0.43%	2.20%	145	19.83%	35.90%	1	12	\$400,071
NJ	698,382	2.60%	2.70%	896	14.14%	33.00%	11	103	\$424,102
NY	1,372,117	5.11%	2.00%	1006	-19.52%	31.90%	7	81	\$582,957
OH	1,108,489	4.12%	1.00%	694	2.66%	22.20%	128	42	\$278,256
PA	1,247,469	4.64%	1.60%	836	-0.12%	29.90%	23	69	\$293,480
RI	81,367	0.30%	2.40%	89	-16.04%	38.20%	0	17	\$409,029
SC	479,587	1.78%	1.70%	641	17.61%	32.00%	69	50	\$369,345
VA	699,692	2.60%	2.40%	854	4.40%	26.20%	47	65	\$376,450
VT	60,176	0.22%	1.50%	33	32.00%	30.30%	0	8	\$345,507
WV	218,336	0.81%	0.70%	64	-20.00%	18.80%	4	9	\$200,781
	11,435,255	42.55%	2.07 %	14,482	11.90 %	34.95 %	683	1112	\$385,094

Nat'l	26,875,208	100%	2.19%	61,038	24.75%	49.37%	2,102	2,261	\$480,351
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Couple of big take aways

- Eastern U.S. households make up 42.55% of all 62+ age eligible households
- HECM to HECM Refinances only 34.95% of volume for past 12 months compared to 49.37% nationally
- Average MCA is \$385,094 with 14,482 loans compared to \$480,351 nationally
 - CA definitely boosts the National number given that just in CA in the past 12 months there were 15,297 endorsements with an avg. MCA of \$644,464

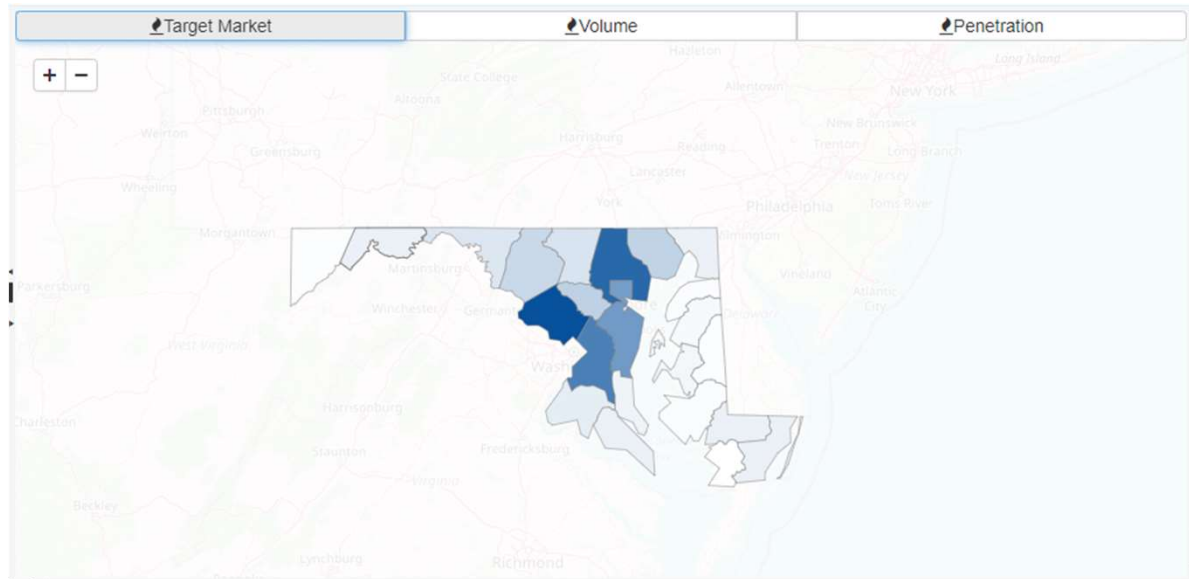
Let's Take A Look At A Few Of These States

Let's go to the map!

<http://reports.rminsight.net/>

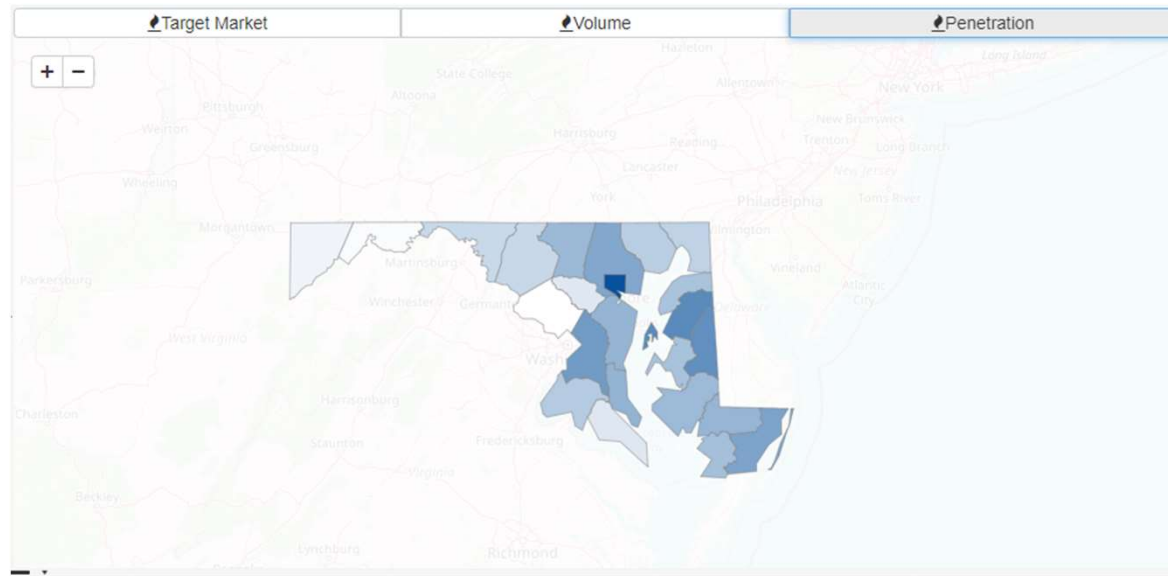
Look for areas of opportunity

- Montgomery County
 - 79,570 Households
- Baltimore County
 - 69,113 Households
- Prince Georges
 - 58,303 Households
- Anne Arundel
 - 46,587 Households
- Baltimore City
 - 45,529 Households



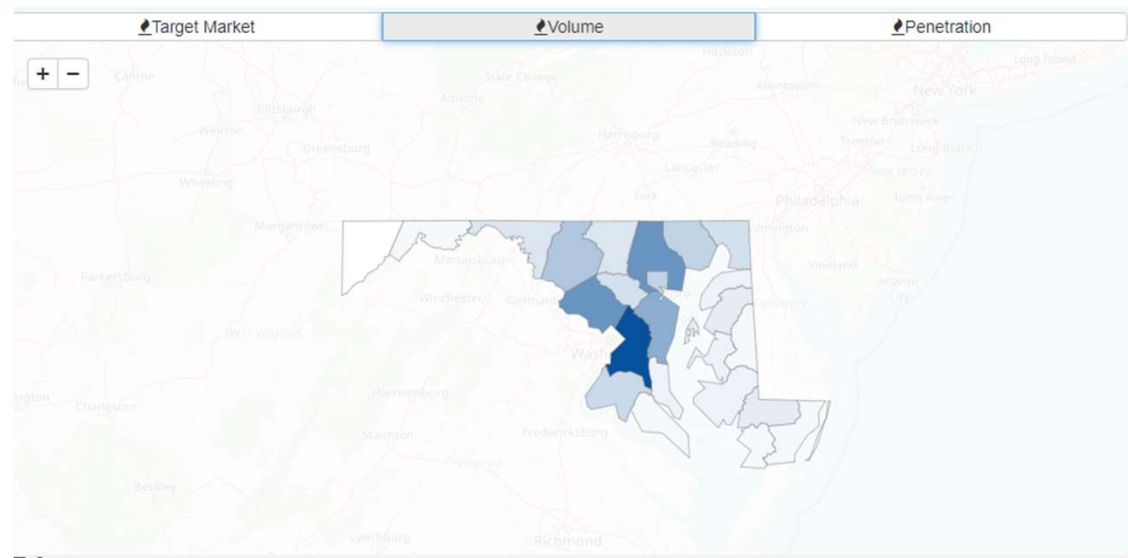
Sometimes Opportunity Isn't What You Expect

- Baltimore City County
 - 5.5% Penetration
- Prince Georges County
 - 3.9% Penetration
- Baltimore County
 - 3.6% Penetration
- Anne Arundel County
 - 3.3% Penetration
- Montgomery County
 - 1.7% Penetration




Maryland Endorsements for last 12 months

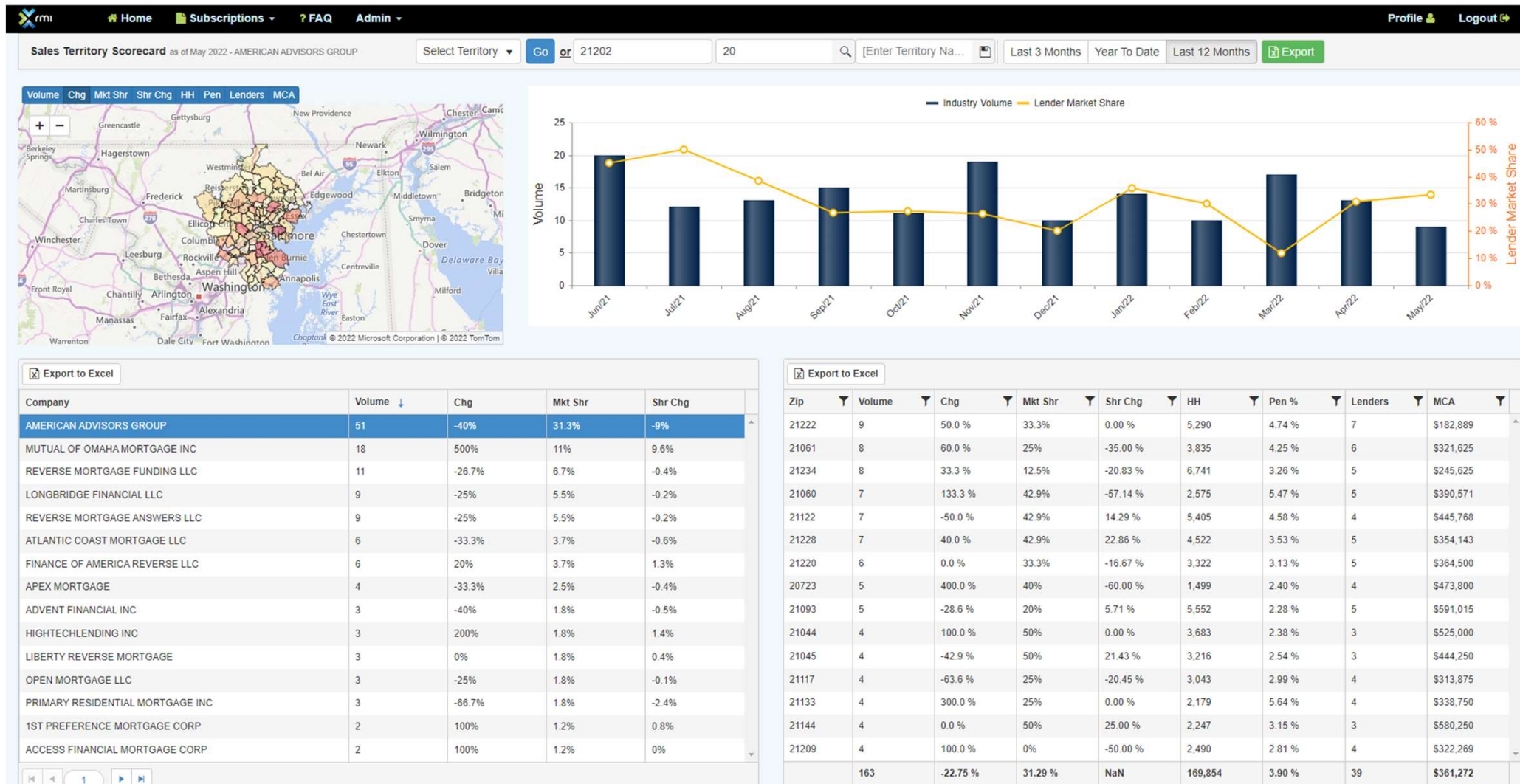
- Prince Georges County
 - 108 loans through May
- Baltimore County
 - 69 loans through May
- Montgomery County
 - 52 loans through May
- Anne Arundel County
 - 50 loans through May
- Baltimore City County
 - 31 loans through May



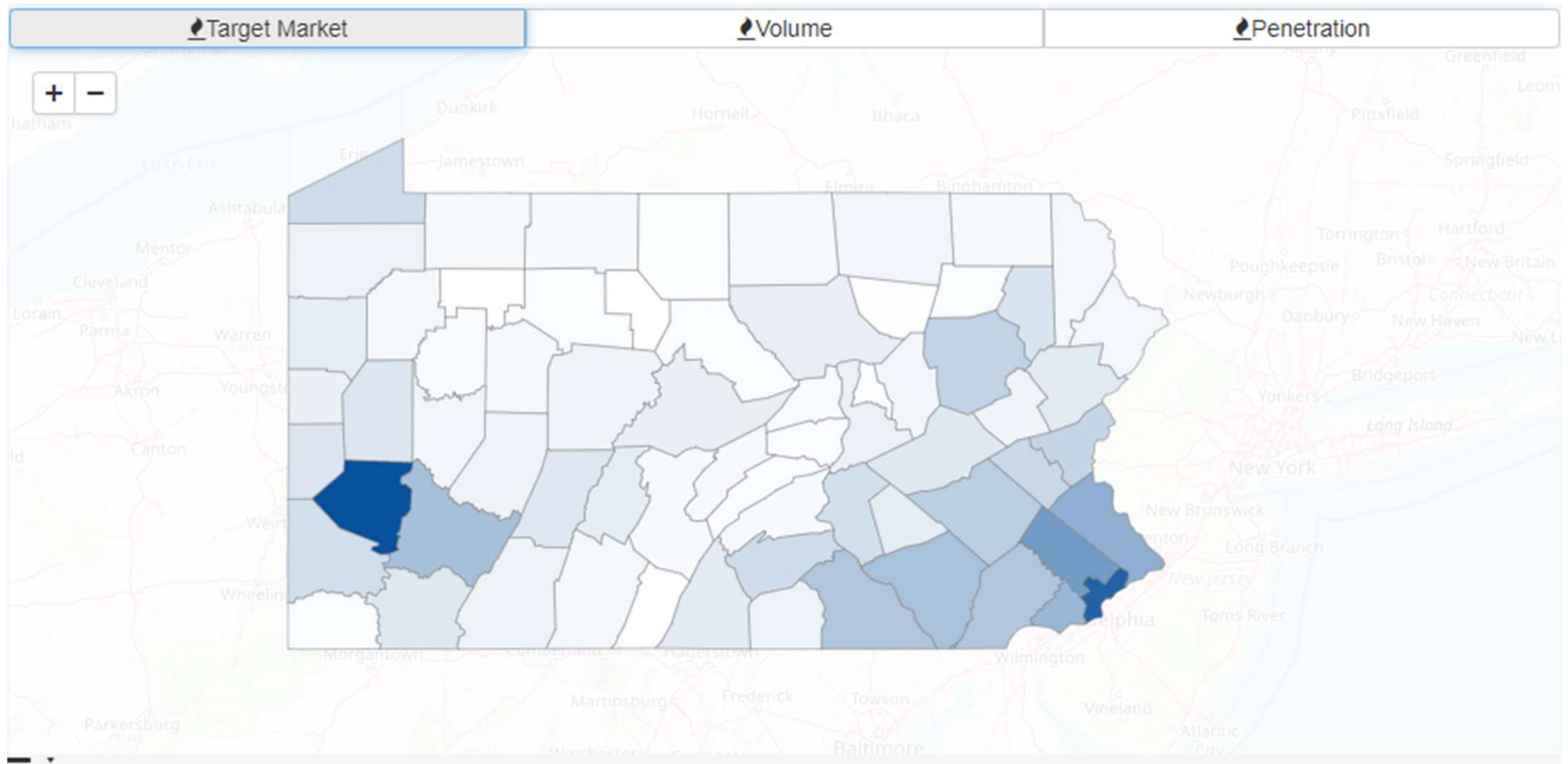
How does this translate to volume?

<div>  Home Subscriptions FAQ Admin </div>													
<div> National View AMERICAN ADVISORS... MD Zip Only Select Saved View </div>													
<div> Export to Excel </div>													
Market Opportunity 6/1/2021 - 5/1/2022													
	County	HH	% of Mkt	Pen %	Ind Vol	Chg	Vol	Mkt Shr	Refi %	Purchase	Lenders	Avg MCA	
▶	PRINCE GEORGES	58,303	12.30 %	3.90 %	108	9.09 %	43	39.81 %	27.80 %	0	20	\$394,523	
▶	BALTIMORE	69,113	14.58 %	3.60 %	69	-23.33 %	18	26.09 %	24.60 %	0	26	\$344,013	
▶	MONTGOMERY	79,570	16.79 %	1.70 %	52	-21.21 %	17	32.69 %	28.80 %	0	18	\$599,104	
▶	ANNE ARUNDEL	46,587	9.83 %	3.30 %	50	-31.51 %	18	36.00 %	12.00 %	1	15	\$450,274	
▶	BALTIMORE CITY	45,529	9.61 %	5.50 %	31	-8.82 %	7	22.58 %	19.40 %	0	19	\$254,978	
▶	HARFORD	21,723	4.58 %	2.70 %	31	63.16 %	11	35.48 %	25.80 %	1	10	\$380,580	
▶	HOWARD	22,251	4.69 %	2.10 %	25	0.00 %	10	40.00 %	28.00 %	0	12	\$507,635	
▶	CARROLL	14,316	3.02 %	3.20 %	24	14.29 %	8	33.33 %	20.80 %	0	8	\$336,625	
▶	FREDERICK	18,999	4.01 %	2.50 %	21	5.00 %	8	38.10 %	23.80 %	0	7	\$463,238	
▶	CHARLES	9,870	2.08 %	2.80 %	20	53.85 %	8	40.00 %	45.00 %	2	11	\$390,250	
▶	WASHINGTON	12,963	2.74 %	2.50 %	18	20.00 %	8	44.44 %	22.20 %	2	9	\$306,827	
▶	CECIL	8,388	1.77 %	2.70 %	17	142.86 %	8	47.06 %	35.30 %	0	9	\$367,470	
▶	WICOMICO	8,465	1.79 %	3.30 %	10	25.00 %	7	70.00 %	10.00 %	0	3	\$277,100	
▶	CALVERT	7,089	1.50 %	3.30 %	9	12.50 %	4	44.44 %	44.40 %	0	5	\$375,333	
▶	WORCESTER	8,222	1.73 %	3.70 %	8	-20.00 %	5	62.50 %	25.00 %	0	4	\$534,421	
▶	QUEEN ANNES	4,621	0.97 %	4.30 %	7	75.00 %	2	28.57 %	14.30 %	0	6	\$420,339	
▶	TALBOT	5,776	1.22 %	3.00 %	6	20.00 %	2	33.33 %	33.30 %	0	5	\$433,750	
▶	CAROLINE	2,990	0.63 %	4.10 %	4	-20.00 %	1	25.00 %	75.00 %	0	4	\$254,500	
▶	SAINT MARYS	8,225	1.74 %	2.20 %	4	0.00 %	1	25.00 %	25.00 %	0	4	\$371,000	
▶	DORCHESTER	3,665	0.77 %	3.20 %	3	200.00 %	2	66.67 %	0.00 %	0	2	\$221,666	
▶	GARRETT	3,200	0.68 %	1.90 %	3	-25.00 %	2	66.67 %	33.30 %	0	2	\$188,333	
▶	SOMERSET	2,185	0.46 %	3.10 %	3	100.00 %	1	33.33 %	0.00 %	0	3	\$163,833	
▶	KENT	3,417	0.72 %	3.00 %	2	100.00 %	1	50.00 %	0.00 %	0	2	\$658,687	
▶	ALLEGANY	8,490	1.79 %	1.80 %	1	-83.33 %	1	100.00 %	0.00 %	0	1	\$190,000	
State Total		473,957	100%	3.16 %	526	-2.23 %	193	36.69 %	25.29 %	6	57	\$402,068	
National Total		26,875,208	100%	2.19 %	61,035	24.75 %	16,474	26.99 %	49.37 %	2,102	2,261	\$480,351	

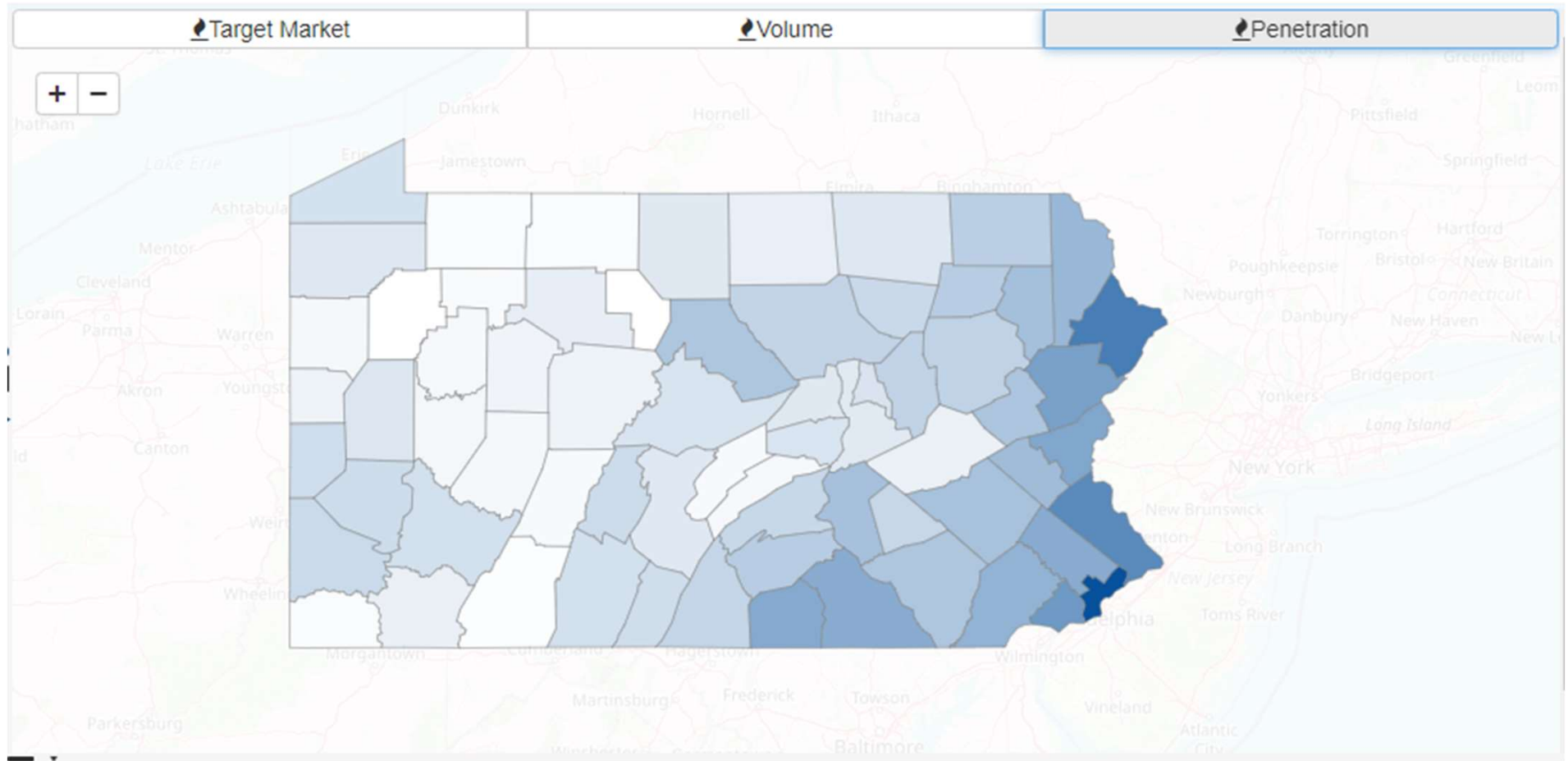
What is the opportunity right here?



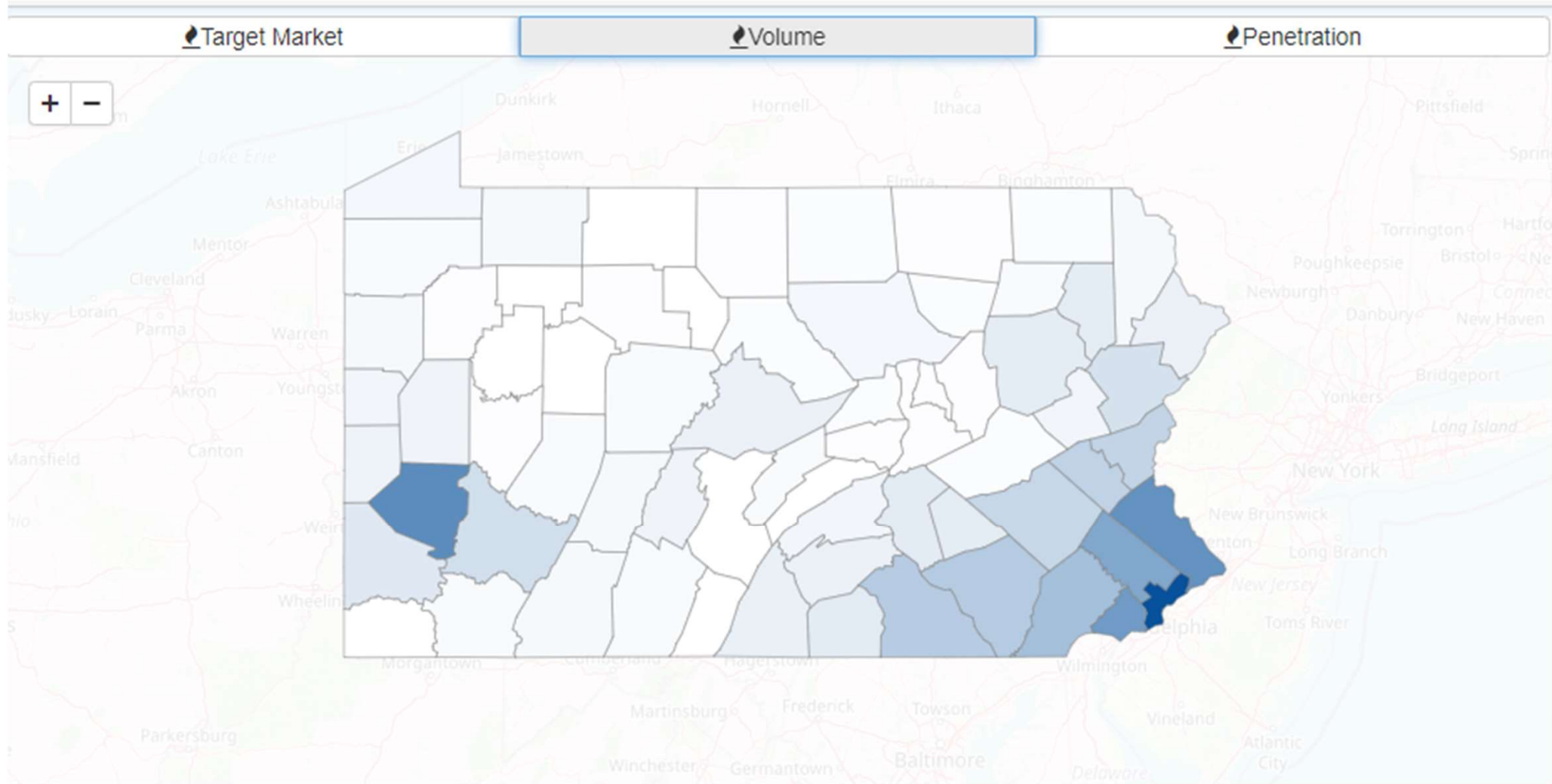
Pennsylvania Is Very Interesting




Penetration is concentrated to the east



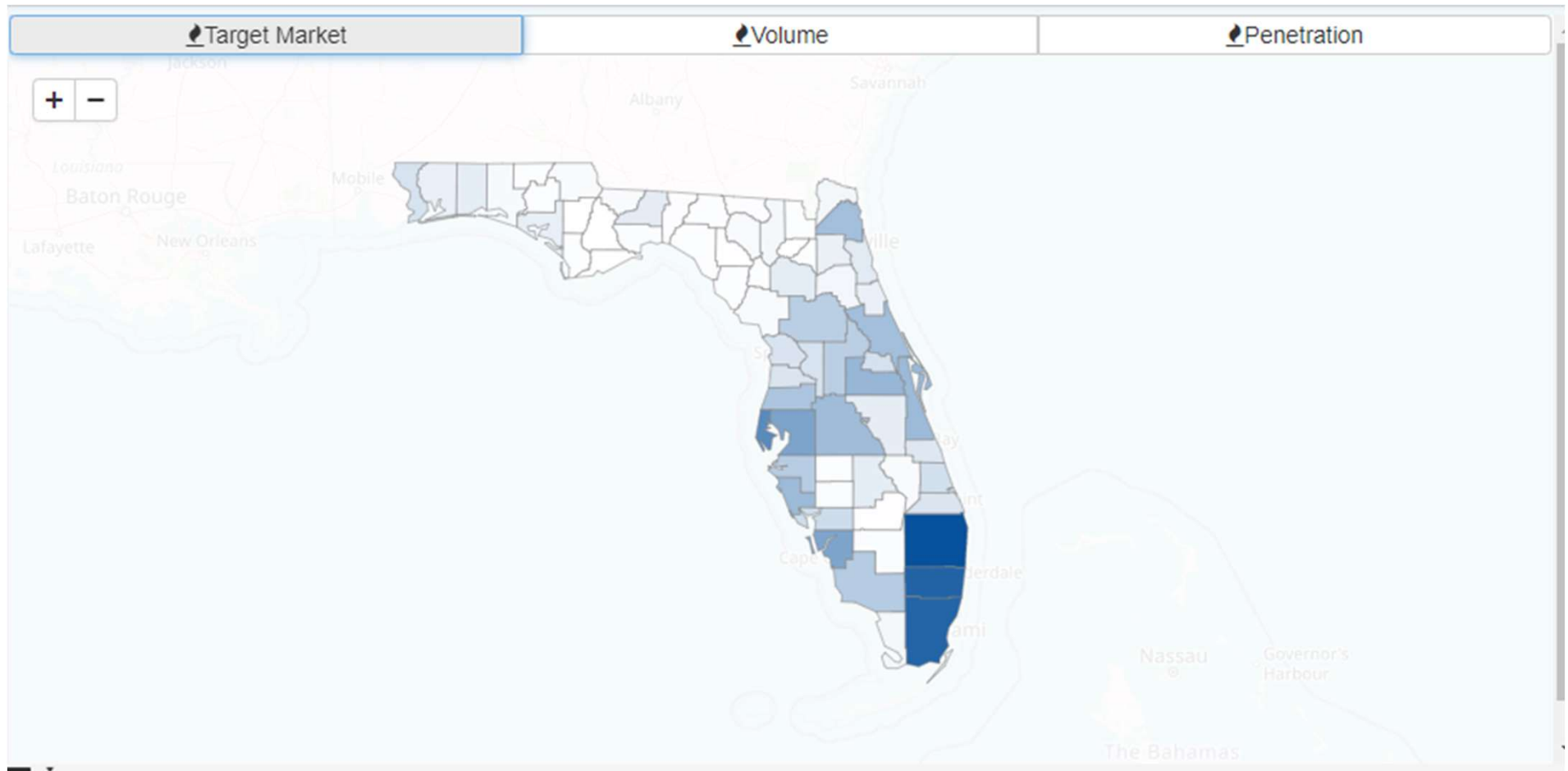
Where is the volume happening?



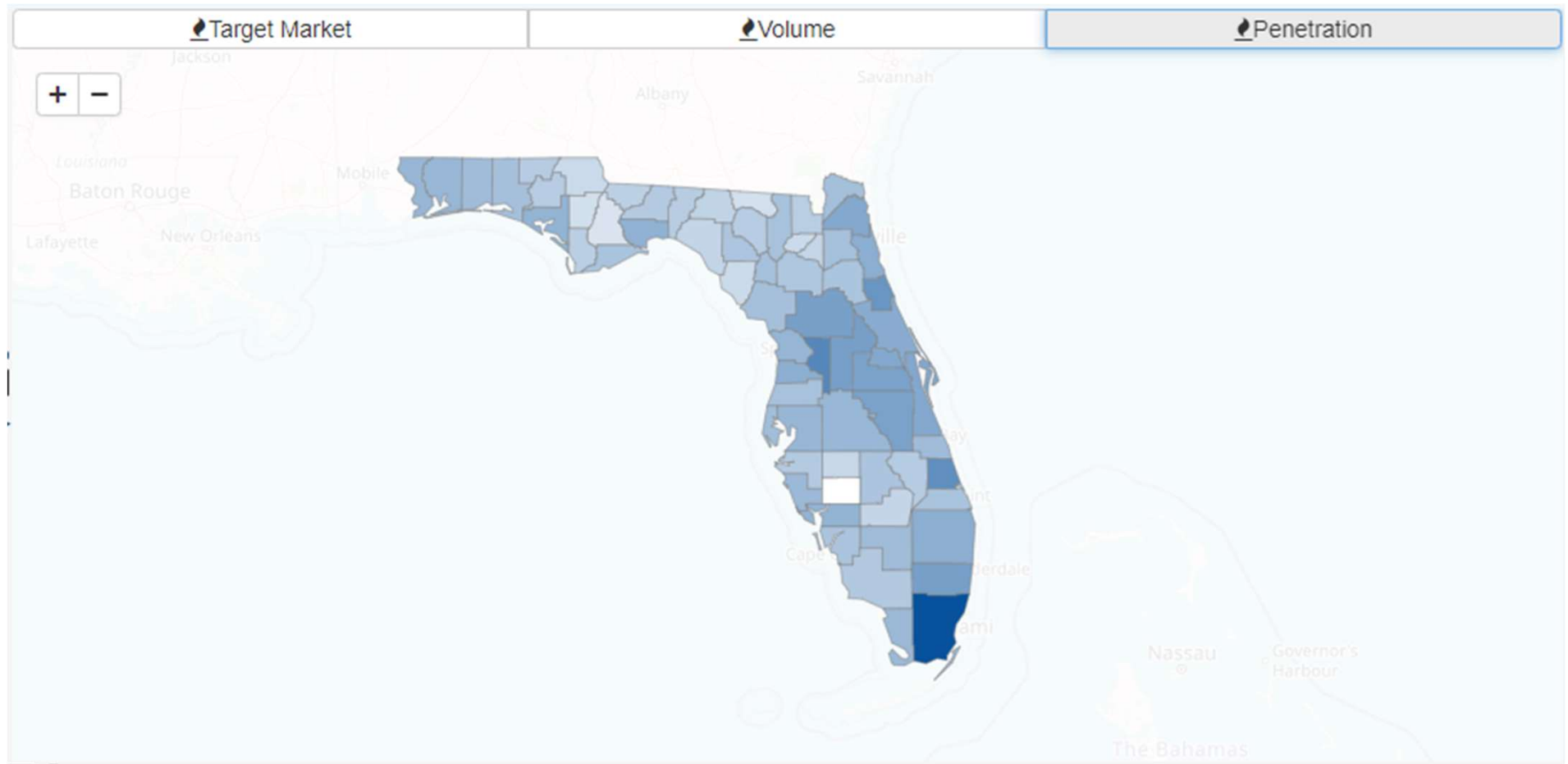
How does this look overall?

<div>  Home Subscriptions FAQ Admin </div> <div> Profile Logout </div>														
<div> National View AMERICAN ADVISORS... PA Zip Only 3Mo YTD 12Mo Custom Select Saved View </div>														
<div> Export to Excel </div> <div>Market Opportunity 5/1/2021 - 4/1/2022</div>														
	County	HH	% of Mkt	Pen %	Ind Vol	Chg	Vol	Mkt Shr	Refl %	Purchase	Lenders	Avg MCA	Zillow Index	
▶	PHILADELPHIA	114,497	9.18 %	3.30 %	116	1.75 %	46	39.66 %	43.10 %	0	25	\$271,455	\$140,200	
▶	ALLEGHENY	128,227	10.28 %	1.10 %	78	14.71 %	46	58.97 %	26.90 %	1	21	\$215,263	\$141,400	
▶	BUCKS	58,306	4.67 %	2.40 %	75	13.64 %	37	49.33 %	30.70 %	0	19	\$417,887	\$306,700	
▶	MONTGOMERY	72,994	5.85 %	1.90 %	65	-4.41 %	25	38.46 %	36.90 %	1	19	\$410,541	\$287,900	
▶	DELAWARE	52,794	4.23 %	2.20 %	60	39.53 %	27	45.00 %	38.30 %	0	22	\$357,372	\$193,800	
▶	CHESTER	41,709	3.34 %	1.80 %	42	-16.00 %	18	42.86 %	38.10 %	4	16	\$402,122	\$328,300	
▶	YORK	41,725	3.34 %	1.90 %	37	27.59 %	15	40.54 %	27.00 %	2	12	\$267,918	\$163,700	
▶	LANCASTER	45,766	3.67 %	1.50 %	34	-10.53 %	14	41.18 %	44.10 %	1	12	\$273,104	\$193,700	
▶	LEHIGH	29,159	2.34 %	1.60 %	29	16.00 %	16	55.17 %	48.30 %	0	11	\$290,547	\$184,700	
▶	NORTHAMPTON	31,225	2.50 %	2.00 %	29	-27.50 %	13	44.83 %	24.10 %	0	8	\$277,551	\$190,800	
▶	BERKS	36,652	2.94 %	1.50 %	26	73.33 %	9	34.62 %	30.80 %	0	11	\$227,857	\$170,100	
▶	WESTMORELAND	46,334	3.71 %	1.10 %	19	0.00 %	17	89.47 %	10.50 %	1	2	\$212,526	\$129,400	
▶	DAUPHIN	23,903	1.92 %	1.60 %	16	-5.88 %	6	37.50 %	31.30 %	0	8	\$199,187	\$151,300	
▶	MONROE	15,622	1.25 %	2.10 %	16	-11.11 %	11	68.75 %	25.00 %	0	6	\$246,000	\$139,300	
▶	ADAMS	9,915	0.79 %	1.90 %	15	50.00 %	6	40.00 %	26.70 %	3	7	\$366,114	\$187,300	
▶	LACKAWANNA	20,827	1.67 %	1.60 %	14	55.56 %	7	50.00 %	28.60 %	0	5	\$203,000	\$123,700	
▶	CUMBERLAND	26,183	2.10 %	1.40 %	13	-43.48 %	6	46.15 %	23.10 %	1	5	\$239,569	\$184,000	
▶	LUZERNE	33,416	2.68 %	1.30 %	13	18.18 %	8	61.54 %	15.40 %	0	5	\$164,692	\$103,500	
▶	WASHINGTON	24,463	1.96 %	1.20 %	13	-7.14 %	6	46.15 %	7.70 %	7	3	\$367,634	\$138,900	
▶	LEBANON	13,977	1.12 %	1.20 %	12	33.33 %	6	50.00 %	8.30 %	3	5	\$259,805	\$166,600	
▶	CENTRE	11,818	0.95 %	1.00 %	10	42.86 %	6	60.00 %	30.00 %	0	5	\$281,650	\$224,300	
▶	PIKE	6,996	0.56 %	2.60 %	9	50.00 %	3	33.33 %	11.10 %	0	7	\$278,944	\$144,000	
▶	BEAVER	19,696	1.58 %	1.10 %	8	-38.46 %	5	62.50 %	25.00 %	0	4	\$240,144	\$133,700	
▶	BLAIR	13,901	1.11 %	1.10 %	8	0.00 %	6	75.00 %	50.00 %	0	2	\$169,625	\$116,800	
▶	BUTLER	19,026	1.53 %	1.00 %	8	-50.00 %	4	50.00 %	50.00 %	0	4	\$245,625	\$209,500	
▶	FRANKLIN	15,233	1.23 %	1.30 %	6	14.29 %	5	63.64 %	13.50 %	0	4	\$201,500	\$142,000	
State Total		1,247,469	100%	1.58 %	863	0.70 %	420	48.67 %	31.29 %	24	72	\$290,645	\$142,366	
National Total		26,875,208	100%	2.19 %	59,601	20.13 %	16,507	27.70 %	49.38 %	2,097	2,218	\$473,494	\$221,925	

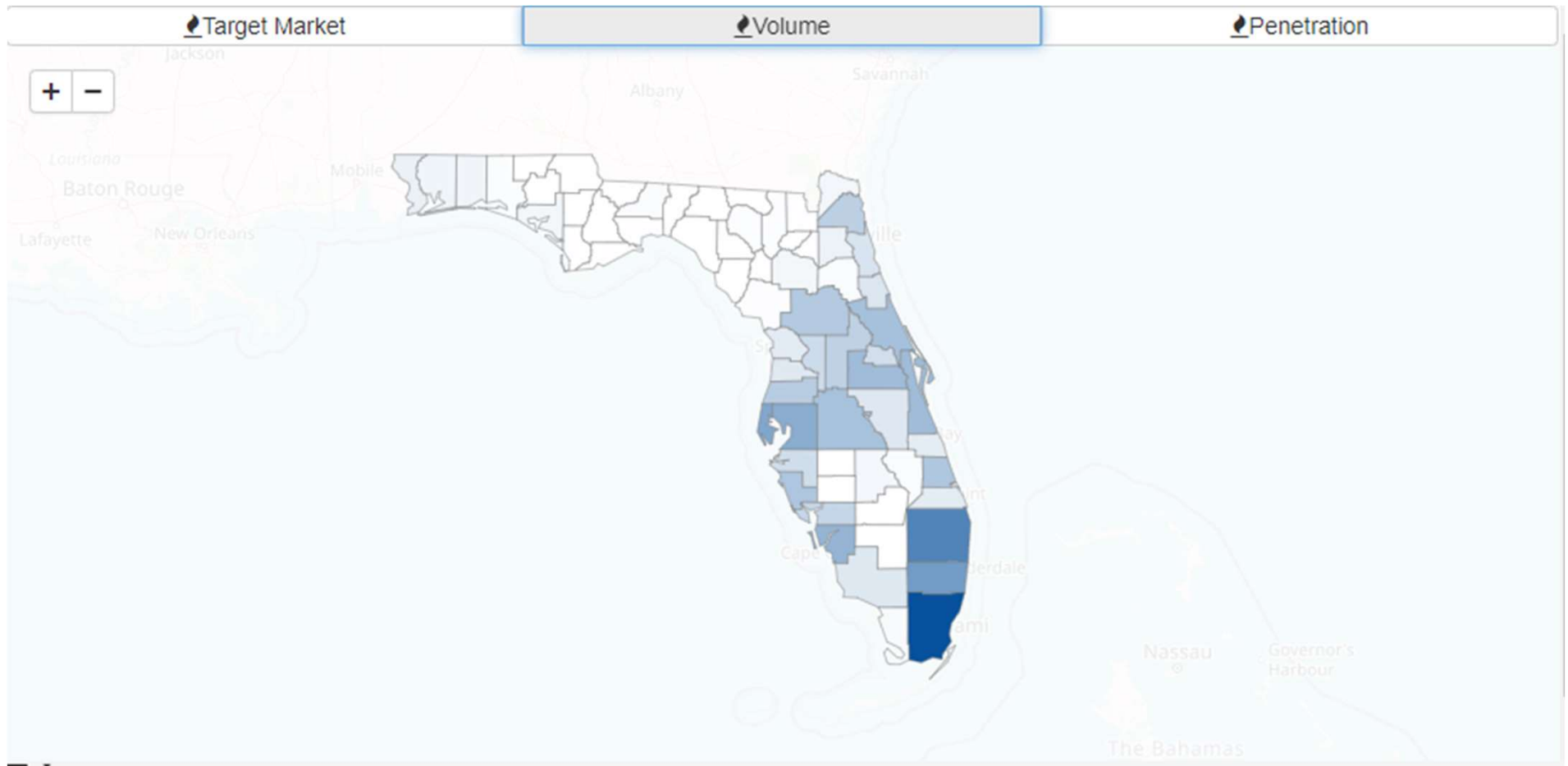
Florida: The retirement capital



Florida Continued



Florida Continued



Florida Continued

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Market Opportunity 6/1/2021 - 5/1/2022

	County	HH	% of Mkt	Pen %	Ind Vol	Chg	Vol	Mkt Shr	Refi %	Purchase	Lenders	Avg MCA	Zillow Index
▶	MIAMI-DADE	171,821	7.83 %	5.80 %	520	-1.89 %	61	11.73 %	46.00 %	5	105	\$454,293	\$278,200
▶	PALM BEACH	194,035	8.84 %	2.70 %	377	24.01 %	99	26.26 %	48.00 %	17	94	\$451,886	\$256,800
▶	BROWARD	172,463	7.86 %	3.20 %	301	-2.90 %	75	24.92 %	48.80 %	2	72	\$441,352	\$238,000
▶	HILLSBOROUGH	101,584	4.63 %	2.40 %	270	50.00 %	91	33.70 %	44.10 %	5	58	\$354,047	\$199,100
▶	PINELLAS	129,474	5.90 %	2.20 %	269	20.09 %	89	33.09 %	46.10 %	2	45	\$375,615	\$201,300
▶	LEE	100,778	4.59 %	2.00 %	225	61.87 %	70	31.11 %	44.40 %	11	60	\$410,857	\$222,900
▶	BREVARD	77,048	3.51 %	2.90 %	214	19.55 %	77	35.98 %	44.40 %	5	50	\$330,775	\$192,800
▶	VOLUSIA	71,177	3.24 %	2.80 %	198	15.12 %	65	32.83 %	43.90 %	5	45	\$315,511	\$177,000
▶	ORANGE	81,285	3.70 %	3.10 %	192	3.23 %	72	37.50 %	39.60 %	2	48	\$332,393	\$217,200
▶	POLK	74,531	3.40 %	2.40 %	183	18.06 %	62	33.88 %	36.60 %	19	43	\$294,258	\$160,100
▶	SAINT LUCIE	35,641	1.62 %	3.70 %	179	67.29 %	59	32.96 %	50.30 %	10	51	\$338,355	\$194,200
▶	SARASOTA	76,962	3.51 %	2.30 %	171	25.74 %	49	28.65 %	48.50 %	7	48	\$398,927	\$244,900
▶	MARION	53,276	2.43 %	3.20 %	159	41.96 %	50	31.45 %	37.10 %	17	40	\$247,115	\$140,100
▶	PASCO	64,218	2.93 %	2.10 %	154	40.00 %	64	41.56 %	42.20 %	9	38	\$309,735	\$165,500
▶	DUVAL	71,351	3.25 %	2.90 %	151	18.90 %	62	41.06 %	35.10 %	6	37	\$351,636	\$161,000
▶	LAKE	53,782	2.45 %	3.20 %	142	18.33 %	45	31.69 %	35.20 %	16	42	\$320,120	\$193,600
▶	CHARLOTTE	38,287	1.74 %	2.50 %	137	73.42 %	39	28.47 %	54.00 %	6	36	\$338,851	\$202,700
▶	SUMTER	31,591	1.44 %	4.00 %	116	11.54 %	26	22.41 %	37.90 %	15	32	\$394,128	\$239,000
▶	MANATEE	55,477	2.53 %	1.80 %	115	61.97 %	34	29.57 %	36.50 %	5	34	\$452,272	\$243,600
▶	SEMINOLE	33,240	1.51 %	2.90 %	102	54.55 %	31	30.39 %	44.10 %	2	35	\$359,849	\$232,500
▶	COLLIER	57,412	2.62 %	1.80 %	80	35.59 %	23	28.75 %	55.00 %	1	28	\$546,683	\$328,600
▶	FLAGLER	16,205	0.74 %	3.50 %	80	29.03 %	34	42.50 %	43.80 %	6	30	\$346,864	\$207,600
▶	SAINT JOHNS	22,880	1.04 %	2.70 %	79	33.90 %	25	31.65 %	41.80 %	7	29	\$412,025	\$286,200
▶	OSCEOLA	20,001	0.91 %	3.10 %	68	54.55 %	17	25.00 %	33.80 %	5	27	\$310,524	\$188,000
▶	HERNANDO	29,420	1.34 %	2.70 %	67	-5.63 %	21	31.34 %	43.30 %	3	25	\$275,649	\$147,300
-	State Total	2,194,889	100%	2.81 %	5,100	22.83 %	1,567	30.73 %	43.10 %	213	340	\$374,457	\$183,695
-	National Total	26,875,208	100%	2.19 %	61,035	24.75 %	16,474	26.99 %	49.37 %	2,102	2,261	\$480,351	\$221,925

Q&A - Thank you

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