



THE COMMONWEALTH OF MASSACHUSETTS
DIVISION OF BANKS
1000 Washington Street, 10th Floor, Boston, Massachusetts 02118

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UNDERSECRETARY

DAVID J. COTNEY
COMMISSIONER OF BANKS

September 25, 2015

Mr. Steve Irwin, EVP, NRMLA
1400 16th Street NW, Suite 420
Washington, DC 20036

Dear Mr. Irwin,

This letter is in response to your correspondence dated June 3, 2015 to the Division of Banks (Division) requesting clarification as to what constitutes 'the area median income' referred to in Massachusetts General Laws Chapter 167E, section 7A(a) and Massachusetts General Laws Chapter 171, section 651/2(a).

These particular provisions of law were amended several years ago to specify that a reverse mortgage borrower meeting the definition of "mortgagor" must undergo counseling on an in-person basis. A "mortgagor" is defined as an applicant for reverse mortgage who: (1) has a gross income of less than 50 percent of the area median income, as periodically determined by the United States Department of Housing and Urban Development; and (2) possesses assets, excluding a primary residence, valued at less than \$120,000.

The Division has concluded that the 'area median income' will be determined by utilizing the Income Limits Data Set as periodically released by the United States Department of Housing and Urban Development (HUD). The Income limits on this Data Set are calculated for metropolitan areas and nonmetropolitan counties in the United States and are based on HUD's estimates of median family income, with adjustments for family size.

This data can be found on HUD's website. The Division offers the following guidance to obtain the correct area median income.

1. Use the following link to reach HUD's Data Set:
http://www.huduser.gov/portal/datasets/il/il15/index_il2015.html.
2. Click the button titled 'Click Here for FY 2015 IL Documentation'.
3. Select State.
4. Under 'Select the County', select the city or town you wish to find the income limits for. Please note that under the 'county' section, Massachusetts provides city and town names instead of counties.
5. Click 'View County Calculations'.
6. To determine the appropriate calculation for the area median income in the chart provided, use the income limit calculation that corresponds with number of persons occupying the property, under the 'Very Low (50%) Income Limits' Category. For example, if there are two family members occupying the property, use the two person category. This number will define the correct 'area median income.'

Steve Irwin
Page 2
September 25, 2015

Lenders are advised to utilize the appropriate income limits data set as periodically updated by HUD. The Division will also publish this information on its website www.mass.gov/dob.

Should you have any questions please do not hesitate to contact Adriana Petrillo at adriana.petrillo@MassMail.State.MA.US.

Sincerely,

A handwritten signature in blue ink, appearing to read 'D. Cotney', with a large flourish extending to the right.

David J. Cotney
Commissioner of Banks

DJC/ap
A15285