

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

September 17, 2010

To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, and Foreign Bank Offices
in the Twelfth Federal Reserve District

Financial Regulators Adopt Guidance on Reverse Mortgage Products

The Federal Financial Institutions Examination Council (FFIEC) released guidance on August 16, 2010 on reverse mortgage products. The guidance, adopted by each of the financial regulators, emphasizes the consumer protection concerns raised by reverse mortgages and the importance of financial institutions mitigating the compliance and reputation risks associated with these products.

The guidance also addresses the general features of reverse mortgage products and relevant legal requirements and consumer protection concerns raised by reverse mortgages. It focuses on the need for banks, thrifts, and credit unions to provide clear and balanced information to consumers about the risks and benefits of these products.

Such information should be provided while consumers are making decisions about these products and should address the specific matters listed in the guidance, including informing consumers of available alternatives to reverse mortgages. The guidance also states that institutions should take steps to avoid any appearance of a conflict of interest and requires that consumers receive qualified independent counseling. The guidance addresses related policies, procedures, internal controls, and third-party risk management.

The guidance was published in the Federal Register on August 17, 2010, and will be effective on October 18, 2010.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/letters>.

For additional information, please contact:

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Attachments: [Reverse Mortgage Products: Guidance for Managing Compliance and Reputation Risks](#)