



March 25, 2021

Marcia Fudge  
Secretary

United States Department of Housing and Urban Development  
451 7th Street S.W.  
Washington, D.C. 20410

Dear Secretary Fudge,

We are writing to strongly urge the U.S. Department of Housing and Urban Development (HUD) to expand eligibility for the Federal Housing Administration's Home Equity Conversion Mortgage (HECM) program to include shareholders in cooperative apartments (co-ops). The inability of senior co-op shareholders to qualify for reverse mortgages under the HECM program is an issue of particular importance to New York legislators, as co-ops make up a large portion of the housing stock of New York City.<sup>1</sup> We ask HUD to expeditiously promulgate agency regulations to allow senior co-op shareholders the same opportunity as other homeowners to use equity in their primary residences as collateral to obtain funds to cover medical and family emergencies, enhance their quality of life, and cover other critical expenses.

Many senior co-op shareholders living on fixed incomes in New York City are at risk of foreclosure or are forced to sell homes they have lived in for decades because of increasing maintenance fees and other living expenses. If HUD regulations permitted these shareholders to tap the equity in their homes through reverse mortgages, they would have an opportunity to age in place and continue to contribute to communities they helped to build. Many of us regularly hear from constituents who are shareholders in co-op buildings who desperately want to apply for reverse mortgages in order to supplement their incomes and remain in their homes. For many, this need has been heightened by the added pressure COVID-19 has put on their finances. Unfortunately legislative efforts to establish an alternative program through the New York State

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<sup>1</sup> Ann Lien, "Buying a Co-op in NYC: A Guide for First-Time Buyers", STREET EASY READS, Dec. 8, 2020, last accessed Feb. 16, 2021, available at <https://streeteasy.com/blog/what-is-a-co-op-apartment-nyc/#:~:text=It%20also%20means%20there%20are,housing%20stock%20in%20the%20city>; see also Cait Etherington, "How co-ops became the housing option of choice for New Yorkers", CITY REALTY, Feb. 10, 2020, last accessed Feb. 16, 2021, available at <https://www.cityrealty.com/nyc/market-insight/features/get-to-know/how-co-ops-became-housing-option-choice-new-yorkers/20423#:~:text=Over%20the%20past%20century%2C%20however,always%20popular%20with%20New%20Yorker>s.

Department of Financial Services for shareholders to access reverse mortgages have been unsuccessful, thus far.<sup>2</sup>

Federal lawmakers have made repeated appeals to HUD to implement the agency guidelines necessary to allow co-op shareholders to obtain reverse mortgages under the HECM program.<sup>3</sup> Members of the United States Congress and New York State Legislators have sent letters to at least two previous HUD Secretaries, Secretary Julian Castro in 2014<sup>4</sup> and 2016,<sup>5</sup> and Secretary Shaun Donovan in 2011,<sup>6</sup> requesting that the agency implement new guidelines to allow co-op shareholders to participate in the HECM reverse mortgage program. And despite language in the 2008 Housing and Economic Recovery Act explicitly authorizing the use of HECMs for co-ops, HUD has failed to promulgate appropriate regulations to expand the program.<sup>7</sup> We join the sentiment of past requests and urge HUD to provide senior co-op shareholders with the same opportunity as their peers to convert their equity in their homes into usable funds.

We appreciate the recent work HUD has done to protect New Yorkers from housing insecurity, and hope you will move expeditiously to promulgate agency regulations allowing owners of co-op shares to participate in the HECM reverse mortgage program. We look forward to working with you to advance this goal.

Sincerely,



Alessandra Biaggi  
New York State Senator, District 34

Liz Krueger  
New York State Senator, District 28

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<sup>2</sup> See S760/ A1508 (2021)

<sup>3</sup> Debra A. Estock, "Reversing the Trend: Reverse Mortgages for Co-ops?", THE COOPERATOR, Dec. 2016, last accessed Feb. 16, 2021, available at <https://cooperator.com/article/reversing-the-trend-2/full>.

<sup>4</sup> [https://www.nysenate.gov/sites/default/files/articles/attachments/HECM%20Program%20Letter%2010\\_17\\_14.pdf](https://www.nysenate.gov/sites/default/files/articles/attachments/HECM%20Program%20Letter%2010_17_14.pdf)

<sup>5</sup> Jason Olivia, "Congressman Presses HUD to Extend Reverse Mortgages to Co-Ops", REVERSE MORTGAGE DAILY, July 6, 2016, last accessed Feb. 16, 2021, available at <https://reversmortgagedaily.com/2016/07/06/congressman-presses-hud-to-extend-reverse-mortgages-to-co-ops/>.

<sup>6</sup> Elizabeth Ecker, "Members of Congress Urge HUD to Allow HECMs for Co-ops", REVERSE MORTGAGE DAILY, Aug. 28, 2011, last accessed Feb. 16, 2021, available at <https://reversmortgagedaily.com/2011/08/28/members-of-congress-urge-hud-to-allow-hecms-for-co-ops/>.

<sup>7</sup> Lisa Prevost, "HUD Reverse Mortgages for Co-ops Unlikely," THE NEW YORK TIMES, Aug. 2014, last accessed Feb. 21, 2021, available at <https://www.nytimes.com/2014/08/31/realestate/hud-reverse-mortgages-for-co-ops-unlikely.html>.

Jamaal Bowman  
United States Congressman, District 16



Andrew Gounardes  
New York State Senator, District 22



Brian Kavanagh  
New York State Senator, District 26

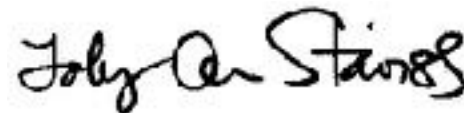
Brad Hoylman  
New York State Senator, District 27



Gustavo Rivera  
New York State Senator, District 33

Roxanne Persaud  
New York State Senator, District 19

Diane J. Savino  
New York State Senator, District 23



Toby Ann Stavisky  
New York State Senator, District 16



Catalina Cruz  
New York State Assembly Member, District  
39

Emily Gallagher  
New York State Assembly Member, District  
50

A handwritten signature in black ink that reads "Linda Rosenthal". The signature is written in a cursive style with a long, sweeping tail.

Linda Rosenthal  
New York State Assembly Member, District  
67

A handwritten signature in blue ink that reads "Jo Anne Simon". The signature is written in a cursive style with a long, sweeping tail.

Jo Anne Simon  
New York State Assembly Member, District  
52

Latrice Walker  
New York State Assembly Member, District  
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