

VETERANS & SENIORS COMMITTEE

of the

SUFFOLK COUNTY LEGISLATURE

Minutes

A regular meeting of the Veterans & Seniors Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York on November 23, 2009.

MEMBERS PRESENT:

Leg. Steven H. Stern, Chairman
Leg. Jack Eddington, Vice Chair
Leg. Kate M. Browning
Leg. Ricardo Montano
Leg. Jay H. Schneiderman

ALSO IN ATTENDANCE:

Legislator Edward P. Romaine, First District
Sarah Simpson, Assistant Counsel
Patrick Skip Heaney, Commissioner of Economic Development and Workforce Housing
Lance Reinheimer, Assistant Director of Budget Review Office
Joe Muncey, Budget Review Office
Laura Halloran, Budget Review Office
Steve Tricaraco, County Executive Aide
Holly Rhodes-Teague, Director of Office for the Aging
Barbara LoMoriello, Deputy Clerk
Paul Perillie, Aide to majority leader
Linda Bay, Aide to minority leader
Deborah Harris, Aide to Leg. Stern
Bob Martinez, Aide to Leg. Montano
Catherine Stark, Aide to Leg. Schneiderman
Dennis Brown, County Attorney's Office
Ed O'Connor, Advanced Funding Solutions
Rick Cashman, Advanced Funding Solutions
Kevin M. O'Hara, reappointment to Senior Citizens Advisory Board
Dot Kerrigan, AME representative
Nick LaLota, Congressman Israel's Office
And all other interested parties

MINUTES TAKEN BY:

Diana Flesher, Court Stenographer

THE MEETING WAS CALLED TO ORDER AT 11:51 AM

CHAIRMAN STERN:

Welcome everybody to the Committee on Veterans and Seniors. I'll ask everybody to please rise and join us in the Pledge of Allegiance led by Legislator Montano.

SALUTATION

I ask everybody to please remain standing and join us in a moment of silence as we keep all of our brave men and women fighting for our freedom overseas in our thoughts and prayer.

MOMENT OF SILENCE OBSERVED

Thank you. Welcome everybody. First of all, I am sure that I speak for all of my colleagues when I say a very warm welcome to our colleague and good friend Ed Romaine. Thank you, Ed, for being with us today. And it's good to see you.

PRESENTATIONS

We have presentations before we get to our introductory resolutions. We'll change it up a little bit. Holly?

OFF THE RECORD DISCUSSION

Okay. Let me just mention that then. Director Ronanye, Tom Ronayne of our Veterans Affairs is at a veterans stand down function in Nassau County and so perhaps he will join us if he's able to; but if not he is doing important work on behalf of our veterans in Nassau County today. So, Holly, welcome.

DIRECTOR RHODES-TEAGUE:

I just wanted to reiterate I think what I said last time is that the Health Insurance Counseling Program is available for any of your constituents who are looking to try to figure out what prescription drug plan they need to go into. The open enrollment period November 15th to December 31st. Even though their plans may or may not -- have helped them this past year, may not, they need to look at it. So please send anybody you run into to our office and we will try to assist them with that.

You know, there's Medicare.gov, there's 1-800-Medicare, there's our office, there's Medicare Rights Center. There's a lot of places they can go but they really need to look at their plans. And if they don't do that by December 31st, they lose out. They're going to be in whatever plan they're in for the next year. And more importantly those who aren't in a plan who should be, they get penalized for every month that they're not in a plan when they finally get into one in terms of their costs, so, it's important that people look at their health insurance.

CHAIRMAN STERN:

That continues to be a very important message that we should be getting out to all of our

constituents all throughout Suffolk County, that it's a moving target. Just when you think you got it, they change it up on you in the following year. So it really does need to be an annual examination.

DIRECTOR RHODES-TEAGUE:

The costs have gone up a lot for some of the plans. So for some people it may have worked this year. It might not work next year. So they need to look.

The other thing is with the HEAP Program, the program opened November 2nd. We've received just under 5,000 applications that we've processed through our office to go over to DSS for final approval. That's quite a number considering that all of last year we did 6600 applications total so we are moving along very rapidly with that program.

Again, I think everybody should have received an "interested parties memo" in your office about the good lines for the HEAP. So you have the information. If you don't have it, give us a call and we'll send another copy out to you. The HEAP Program for those over age 60 certainly have a -- call our office for information on that as well if they don't have an application or if they're having trouble with it. So, you know, we take everybody's questions very seriously. So we'd like them to call us.

Also, Happy Thanksgiving to everyone.

CHAIRMAN STERN:

Questions? Legislator Montano.

LEG. MONTANO:

Good morning, Holly. Quick thing, on this open enrollment, that applies to everyone in every program? Every insurance program?

DIRECTOR RHODES-TEAGUE:

The open enrollment period is for Medicare beneficiaries.

LEG. MONTANO:

Oh, Medicare. Just curious, what, if anything -- how does this word get out? You know, what are -- are you responsible for that? Is Social Services?

DIRECTOR RHODES-TEAGUE:

They get -- the information goes out through the -- it goes out through the federal government that it's open enrollment period.

LEG. MONTANO:

Okay. So it's really --

DIRECTOR RHODES-TEAGUE:

We're just another -- we're another place people can go for assistance for the -- trying to figure out what health insurance they need.

LEG. MONTANO:

Right, okay. So you're doing this in a support capacity. It's not like it's your primary function to get this word out?

DIRECTOR RHODES-TEAGUE:

No. Actually the federal government believes that volunteers should be able to assist seniors so we have the Health Insurance Information Counseling and Assistance Program. And there are volunteers that we have trained in our office. They come in a couple days a week or they're at libraries and they will sit one on one with a senior or they'll answer their phone calls on the phone. We also have staff who are all trained to work with the seniors.

LEG. MONTANO:

Okay. When you say the federal government, that's a huge --

DIRECTOR RHODES-TEAGUE:

CMMS.

LEG. MONTANO:

CMMS is whom?

CHAIRMAN STERN:

Centers for Medicare and Medicaid Services.

DIRECTOR RHODES-TEAGUE:

Centers for Medicare Medicaid Services.

LEG. MONTANO:

Okay, thank you. On the other issue, the HEAP applications, you said you had 5,000 so far submitted and it just opened up; is that correct?

DIRECTOR RHODES-TEAGUE:

What happens is in the end of August, beginning of September the State sends out applications to all those people who had received it the year before. So the bulk of the applications we've already done are people who had received it last year, would most likely be eligible again this year. So those applications have already been done. Technically the program opens November 2nd so that at that point we can send out applications to those who have not received it in the past.

LEG. MONTANO:

All right. So you say the State does this. Who in the State, what department?

DIRECTOR RHODES-TEAGUE:

OTDA, I believe. We are a subcontractor to DSS so we are just the people who do the applications for those over age 60.

LEG. MONTANO:

So essentially these are renewals? Because if you had it last year, you're getting notified by the State that you can reapply this year and there's a limited amount of money. But you're not reaching new people; not at least in this initial 5,000.

DIRECTOR RHODES-TEAGUE:

Absolutely. The initial ones are those who received it last year.

LEG. MONTANO:

Right. Which excludes people that didn't receive it so you're not getting new people. Now, what I'd like to know is do you have any records geographically of how these 5,000 play out in terms of areas within the County? Let me ask the question in reverse. What I'd like to find out is how many people from the Ninth Legislative District fit within that 5,000, how many within other districts because it may be an issue with dissemination of information particularly if the State is sending out to those who already have it. So if you're not in it, you know, you weren't in it, you're not in it now either and there might be people that are being missed that need it. How do we reach those people is what I'm asking?

DIRECTOR RHODES-TEAGUE:

We talk about it at our public hearings. And, again, I'm a subcontractor to DSS for this program. So all I do is do the applications with those over age 60.

LEG. MONTANO:

I understand. And I'm just trying to get the information.

DIRECTOR RHODES-TEAGUE:

When we do outreach -- we just did two public hearings on my programs, we provided information to the people there. We send it out with our advocates to over 50 sites in the County each month.

LEG. MONTANO:

Right.

DIRECTOR RHODES-TEAGUE:

So we are providing information everywhere we go.

LEG. MONTANO:

When you say public hearings, these public hearings, these were what? The Senior Citizens Advisory Council?

DIRECTOR RHODES-TEAGUE:

I'm required to do public hearings on my programs each year by the State.

LEG. MONTANO:

And you've done two this --

DIRECTOR RHODES-TEAGUE:

So we did one on the eastend, one in the west. We did one in Brentwood and we did one in Flanders.

LEG. MONTANO:

All right. What I'd like to know is, is there any way of knowing how these 5,000 -- let me ask you this. When is the closing period for the applications?

DIRECTOR RHODES-TEAGUE:

The program generally runs until May. If they run out of money, they would close it sooner but the last couple of years they haven't closed it early.

LEG. MONTANO:

All right. So then from now until May, we have the ability to have people sign up and make applications?

DIRECTOR RHODES-TEAGUE:

Correct.

LEG. MONTANO:

Is there anyway of ascertaining geographically how this is distributed, these, you know -- right now we're dealing with 5,000.

DIRECTOR RHODES-TEAGUE:

DSS may have that information.

LEG. MONTANO:

Who in DSS, do you know which department? Is there a special HEAP department for that?

DIRECTOR RHODES-TEAGUE:

I would have to check. I know who I deal with over there but -- Ken Knappe.

LEG. MONTANO:

Do you know?

CHAIRMAN STERN:

No.

DIRECTOR RHODES-TEAGUE:

You might want to try the Commissioner's Response Unit.

LEG. MONTANO:

Thanks. Would you do me a favor? Could you just kind of inquire, Holly, and give me a call? I'd like to follow -- follow up on this issue in terms of who is applying because I just want to make sure that there's enough knowledge in every community that this is available and that people apply. So could you get back to me in terms of some specifics on this? Or is that -- that's not your department?

DIRECTOR RHODES-TEAGUE:

You're trying to find out who --

LEG. MONTANO:

I'm trying to find out geographically how this 5,000 applications breaks up.

DIRECTOR RHODES-TEAGUE:

I'll find out who has that information.

LEG. MONTANO:

Would you?

DIRECTOR RHODES-TEAGUE:

Yep.

LEG. MONTANO:

Thanks. I appreciate it.

CHAIRMAN STERN:

Good question.

LEG. MONTANO:

I understand we have to make sure there's even distribution. Some communities aren't aware of it particularly my community if they are not privy to what's going on. We'd like to get the word out. That's what I'm asking.

DIRECTOR RHODES-TEAGUE:

It's always good to get the word out anyway.

LEG. MONTANO:

I agree. No, I mean, the word should be spread, you know, throughout the County. But what invariably happens sometimes is that, you know, not deliberately but sometimes some communities just aren't aware of what's available. And, you know, I know that's been a problem with some of the other programs where you have to initiate contact. A lot of people don't do it for different reasons and, you know -- so that's really why I'm -- that's my interest to make sure that everybody knows.

DIRECTOR RHODES-TEAGUE:

Again, our offices are at quite a number of sites in the County so we have that information out there as well. You know, HEAP is one of the programs we would talk about when we talk to the seniors.

LEG. MONTANO:

Right. And I don't disagree. But what happens invariably, I mean I had a conversation with someone -- I don't want to monopolize this but I had a conversation with someone yesterday and they said, *well, we didn't know about the public hearing.* And I said *how could you not know about it? There was an extensive mailing done. E-mails went out.* And no matter what you do, you're always going to miss people. So we want to try and reach as many as we can. And in order to do that, we need to know who's not being reached right now.

DIRECTOR RHODES-TEAGUE:

Okay.

LEG. MONTANO:

So if you can help me out, I'd appreciate it.

CHAIRMAN STERN:

Holly, thank you. Have a good holiday.

PRESENTATIONS

It is a pleasure to welcome Ed O'Connor and Rick Cashman of Advanced Funding Solutions. Among over services that they provide reverse mortgages is an element of their organization. You guys can have a seat at the table if you'd like.

During particularly challenging times, I'm sure my colleagues would agree that it's important for seniors and their families to have all of the information that they need in order to make informed decisions about their finances, about remaining in their homes, about maintaining their quality of life. And so those of us who have served on this Committee over the years have heard a little bit about reverse mortgages. But I thought that once again it would be important information for all of us to once again hear, to be brought up to date on changes within the law and other elements that might affect ability to get a reverse mortgage so that we can then give this information out to those who need it the most within our communities. So, gentlemen, welcome.

MR. O'CONNOR:

Thank you. My name is Ed O'Connor. I'm here with Rick Cashman from Advanced Funding Solutions. Legislator Stern, thank you for the opportunity to be here today.

I appreciate the opportunity to just briefly tell you what it is that we do and how we can help the community and your constituents. We provide reverse mortgages. I am a HUD approved loan correspondent and that is our primary product and it's a very niche product. It's very specialized. And reverse mortgage allows senior homeowners over the age of 62 to take the equity out of their home so that they can convert that into usable funds that they can spend to remain in their home. That's the primary goal behind a reverse mortgage is to keep people in their homes. It is generally meant to be a long term solution, not necessarily for somebody who wants to sell their home in the next year or so.

Very briefly, my lending experience in banks and banking goes back to the early 1980's with Chase Manhattan Bank. I have an extensive background in finance, economics and taxation. And I'm also a retired detective from the Nassau County Police Department.

Rick Cashman my colleague, has been involved in banking for over 20 years, has a lot of extensive background with seniors, banking situations and is a -- I lost my train of thought there, excuse me -- and is a former Army serviceman. Our goal is to educate the public. The biggest problem that we have and it is also a problem for the public is that more than 85% of the people who could

take advantage of a of reverse mortgage and help themselves don't even know it exists. Many people may say *I see it all over the place, I see it in the press, I see it in the TV, I see the commercials with Robert Wagner.*

By the way the company that Robert Wagner did those commercials for is out of business. So those commercials are great but they only affect a small portion of the people who see it, understand it and take an interest in it. We talk to people all the time that don't know what a reverse mortgage is. They've heard of it, they've seen the press, they've seen mailings, they've seen letters to them. They still don't know what it is and don't realize what they can do to help themselves with it.

Our goal is to educate and inform people. I am not a non-for-profit agency. We are a regular company who employs people in the community and our goal is to stay in business. That's how we earn a living. But we do so by educating the public. We're not part of the sub-prime problems that were out there. Reverse mortgages are not necessarily the next sub-prime mass as some people like to put out in the news.

It is a very uninformed product. And that's what we need to do, is to get the word out. There are many instances where people have lost their homes due to foreclosure or tax defaults. And they could have used a reverse mortgage. I'm not saying that that's their -- that's the best thing for them. Every person needs to be evaluated on a different basis and all the facts need to be gathered regarding their circumstances. But everybody needs to know that it's possibly an option.

There was a woman almost two years ago who lost her home to a Suffolk County tax default sale. Her home was taken away from her for about \$47,000 in past due property taxes. She could have used a reverse mortgage to stay in the home. She didn't tell her son, who was an attorney in New Jersey, that she was having these difficulties until it was too late. Now I'm not saying that that was her savior and that was her only answer, but it certainly was probably something that should have been looked at.

Any time we can get the word out to people like yourselves and your offices and the different agencies that you deal with within the County, that somebody can pick up a smaller piece of knowledge that they didn't have before about reverse mortgages, it's beneficial to everybody. We spend a lot of time with clients educating them. Our turnaround time for a reverse mortgage is six to nine months. That's six to nine months worth of education, mailing, conversations, required counseling -- this is a federally regulated product -- to get people to the point that they're comfortable with the decisions that they're making.

I can't speak for the rest of the industry because I know there's a large portion that doesn't deal with it the same way as we do. But that's our goal. And by getting this information out to the general public and to the county agencies and the offices that have the ability to speak to these people and talk to them, that is our goal to increase awareness; and, therefore, we can help the surrounding communities and the public and everybody else all the way around.

CHAIRMAN STERN:
Legislator Montano.

LEG. MONTANO:
I don't profess to know much about the reverse mortgages. You're mortgage bankers?

MR. O'CONNOR:
Actually New York State Mortgage Brokers and a HUD approved correspondent.

LEG. MONTANO:
Okay. So you charge your regular origination fees, your points and all of that in processing the mortgage? Or is that paid through by HUD?

MR. O'CONNOR:

No, none of it's paid for by HUD. The program is a self-supporting program.

LEG. MONTANO:

Okay.

MR. O'CONNOR:

There are origination fees. There's a lot of caps and controls.

LEG. MONTANO:

Gotcha.

MR. O'CONNOR:

So you actually can't have a situation where somebody would be over charged to the extent that you've seen in the mortgage history in the past.

LEG. MONTANO:

Gotcha. This -- it seems to me, correct me if I'm wrong -- my impression is that this applies to someone who has -- not a great amount, but a decent amount of equity in the home. If somebody is older and they're sort of mortgaged out, this really doesn't apply to them; am I correct?

MR. O'CONNOR:

Well, it wouldn't apply because there has to be enough money available from a new reverse mortgage to pay off any existing mortgage, so --

LEG. MONTANO:

Now, do you work on like a loan to value ratio in terms of who would be eligible, who would not be?

MR. O'CONNOR:

Sort of because the amount of money that's available under the program is determined by the value of the home and the age of the person. The older they are, the more money they can get out of their house.

LEG. MONTANO:

So if I was 62 and had no equity in my home, my home was worth \$300,000, what would I be eligible for? The full 300 or is there -- like 80 percent?

MR. O'CONNOR:

No, it's always going to be less than the value of the home. At 62 being the minimum age, they can get usually about 60 percent of the equity out of their home. And then the older they are, the more equity they can receive because it's based on actuarial numbers and life expectancy.

LEG. MONTANO:

Okay. So I'm 62 years old. I take out a reverse mortgage. I get 60 percent loan to value which is -- I don't know what the math is, but let's say it's 170,000, something like that, right? And then I live to be 105. At that point I've probably taken out more than I borrowed. What happens when I reach my point at eighty where it's the break even point? Am I pushed out of the house or do you take the loss?

MR. O'CONNOR:

No, nobody is ever removed from their home or foreclosed upon because of a reverse mortgage. The senior's obligation is to pay their property taxes and their homeowner's insurance after that. So in the event that somebody lived too long and their balance continued to increase and it was worth more than the value of the home, HUD insurance picks up the difference. The homeowner or the homeowner's estate, their relatives who may inherit the house at a later date in time, are never responsible for the difference over that.

LEG. MONTANO:

Okay. All right. And I was looking at this quickly on the reverse side, I'm 62, I take out a mortgage, I've got a \$300,000 value home, a mortgage of 170; and then I have a heart attack three years later and I die and now there's equity in the home, do the heirs get the equity?

MR. O'CONNOR:

Yes. It still belongs to the homeowner or their heirs.

LEG. MONTANO:

Gotcha. All right. Thank you. I appreciate that.

CHAIRMAN STERN:

One of the -- I guess one of the challenges for not just here in Suffolk County but our metropolitan area where years ago property values were so much higher maybe compared to the rest of the country that the amount of equity that one might be able to access would seem to have been relatively lower. What is the current limit, if any, in the amount of equity somebody would be able to access?

MR. O'CONNOR:

Percentage wise or are you talking about home values? We have two different things. The percentage of equity is based on the age. So if we say 60 percent because -- there's a lot of math involved so it's not a flat number. But let's just say it in round numbers, at 62 you can receive 60 percent and at age 75 that number jumps up to be 70 percent, you can receive that amount of money in relationship to the value of your home. The HUD lending limits used to be \$417,000. They were pushed up with the stimulus bill last spring to \$625,000. That has been extended now through 2010.

At the end of 2010, legislation will be required to either extend that or drop the number back to whatever they feel is appropriate or applicable. If a home is -- what this means is, if a home is worth \$900,000, the person gets the same amount of money out of the house as if the home were only valued at \$625,000. That's the cap that HUD has put on these programs because they feel that's the dollar amount that they want to insure. They're not going to the full values of the home regardless of where they're located. So the amount of money people can get out is based on that limit with the cap of \$625,000.

CHAIRMAN STERN:

Legislator Montano.

LEG. MONTANO:

Just another question popped into my head. Like you said, you're in this for business and you charge fees. Is there a large variation? You said there were caps imposed by HUD in terms of how much you can charge for the services. Is there a wide variation in the fee structure within various companies or amongst various companies?

MR. O'CONNOR:

Honestly the answer to that is no. From what we've seen, there --

LEG. MONTANO:

It's fully well regulated.

MR. O'CONNOR:

Well, it's regulated to the extent that there's a maximum charge. The origination fee on a home that is worth \$400,000 or more is capped at a maximum of \$6,000. And it's a lot less than that on lower valued homes. What we've seen in the market is --

LEG. MONTANO:

Is it a numerical cap or is it like a point, a percentage?

MR. O'CONNOR:

Well, it's two percent of the first \$200,000; and then 1 percent after that --

LEG. MONTANO:

Ah, so it's a formula. Gotcha.

MR. O'CONNOR:

-- capped at \$6,000. Right. Right. It used to be 7255, and HUD lowered that about a year and a half ago. So in an attempt to bring down certain costs, they lowered that. But at the same time they raised the cap from 417 to 625. Now HUD takes two percent of the home's value as an insurance fee. So when the cap went up, the HUD's insurance number went up. So the closing costs actually went up. They didn't go down on higher valued homes.

In regard to the industry itself, there is -- I've only seen slight variations, 500, \$800 in terms of that number, the origination fee being offered as far as differences go. It's not to say --

LEG. MONTANO:

What about -- and that's what I'm getting to, because quite frankly I'm an attorney and I've done numerous closings and worked with different title companies. And when I was in practice, there were some companies I wouldn't deal with because their fees were too high. And what I'm asking is that because this is a -- you're dealing with seniors, and it's obviously more regulated, do you -- is there in your perception a wide variation between companies? In other words, if I went to your company, I'd be charged maybe one point or, you know, \$6,000 and then I'd have my closing fees, I'd have my appraisal fees and all the other fees that come in. And if I went to another company, is it possible that I'd wind up getting, you know, taken to the store in terms of having my fees raised? Do you have that kind of fluctuation or is it basically within a certain range and it's just a company that gives you the best service that you're better off with?

MR. O'CONNOR:

In general, it has appeared to have been over the past several years that most of the fees are very, very similar from company to company.

LEG. MONTANO:

Gotcha. Okay. That's the question.

MR. O'CONNOR:

Okay. And it does come down to knowledge and experience.

LEG. MONTANO:

Got. Thank you.

CHAIRMAN STERN:

Seniors receive Social Security, they have Medicare coverage. Does obtaining a reverse mortgage have any impact in any way on their entitlement to those benefits?

MR. O'CONNOR:

The proceeds of a reverse mortgage are not considered income so in terms of Social Security and real property taxes, there's no effect there. People can continue to receive their exemptions as they have now and there's no impact on Social Security or even disability benefits.

When it comes down to Medicaid, it's still possibly an asset so that's something that has to be managed because Medicaid is a needs-based service. So the people should not be taking money

from a reverse mortgage and putting it into their savings account if they are using Medicaid services or anticipate that. That's another wrinkle that comes up when you're dealing with some people who may have the potential for that.

CHAIRMAN STERN:

It's not considered income so it's not subject to income tax?

MR. O'CONNOR:

Correct, it is still a loan. Even though it is operating differently than a regular mortgage, it is still just a mortgage in terms of the paper work and the ramifications behind it. People also ask the question well how does it affect my deductibility of interest payments that I make? Well, it's not affected by the reverse mortgage but it is affected by IRS rules because IRS says you can only deduct them when you pay them. So now you're not making a mortgage payment; therefore, you have no deduction. It is possibly one lump sum deduction later on to the person when they sell the property or pay off the mortgage or possibly to the estate, but that's other planning down the road.

LEG. MONTANO:

Quick question? So if you take out a reverse mortgage, are you -- the person's not paying, but obviously there's a payment structure built into the mortgage. Is the mortgage being amortized over the life of the mortgage or are you taking interest only like an equity loan? I mean, I'm not understanding those --

MR. O'CONNOR:

Well, you have a mortgage. Let's say they were able to take \$200,000.

LEG. MONTANO:

Right.

MR. O'CONNOR:

And they took that and they used all it to pay off --

LEG. MONTANO:

Or 5 percent, let's say. What's your interest rate today, by the way?

MR. O'CONNOR:

There is a fixed rate product available now which is at 5.56 percent.

LEG. MONTANO:

All right. So in the payment -- generally when you take out a mortgage, you pay your interest and your principal. And after 30 years you've paid off all your, you know, you're down to nothing; you amortized it. Is that what you're doing here or is this like an equity loan where you pay off the interest and you, you know, 15 years later, if you haven't paid any principal, you still owe a fair amount of the loan?

MR. O'CONNOR:

Well, it's actually the opposite of a regular mortgage. When you're taking a mortgage payment and paying principal and interest over the course of 30 years, your loan balance is going to go down.

LEG. MONTANO:

Exactly.

MR. O'CONNOR:

With a reverse mortgage -- and assuming you took that 200,000 and paid off an existing mortgage so you don't have to make those mortgage payments anymore --

LEG. MONTANO:

Right.

MR. O'CONNOR:

-- you're starting out with a balance of \$200,000 and that interest will be added on top of that balance. So over time your loan balance goes up. It increases over time. The people they then --

LEG. MONTANO:

So your interest payment is added to the principal?

MR. O'CONNOR:

There's no payment to be made so the interest that accrues over time is added to the principal that you borrowed. If you took 200,000 now, let's just say ten years down the road, you owe \$300,000. They're using the equity in your home and the future --

LEG. MONTANO:

Right. Okay.

MR. O'CONNOR:

-- appreciation of the home to sustain this loan so that they can --

LEG. MONTANO:

So it's sort of like it's accrued interest basically. You're taking the interest payment that isn't made and you're adding it now to the principal on the back end. So if you borrowed 200,000, let's say you borrowed 200,000, a 30 year mortgage fixed, you're probably paying what? 400,000 in interest by the time you're done? 600,000? So now at the end of this process, you borrowed 200,000, you lived 30 years, you're not at a house but the mortgage is now a \$600,000 mortgage so you really can't sell the property. Because now if it's still valued at 300,000, you're locked in.

MR. O'CONNOR:

Well, again, if the balance on the loan exceeded the value of the home, the HUD insurance is going to pick up the difference.

LEG. MONTANO:

If you pass away.

MR. O'CONNOR:

If you pass away, even if the home is sold on the open market.

LEG. MONTANO:

Oh you can sell the house.

MR. O'CONNOR:

You can sell the house at any time, sure.

LEG. MONTANO:

You sell it for market value and HUD will reimburse you -- will pick up the difference?

MR. O'CONNOR:

HUD's going to pick up the difference to the lender.

LEG. MONTANO:

That's interesting.

CHAIRMAN STERN:

Anyone? Rick Cashman and Ed O'Connor of Advanced Funding Solutions. Thanks so much for being

with us today. Important information and I would encourage my colleagues to learn as much as they possibly can about reverse mortgages because as we continue, there are so many challenges but particularly for seniors within our communities, having informed information, making sure they are aware of all their options, to meet their expenses, remain in their homes, ensure their quality of life is of particular importance. So we should all be doing everything that we can to make sure that they would get the information that we need to be able to, to be a valuable resource to those that we represent. So thanks so much for being with us today.

MR. O'CONNOR:

Thank you.

MR. CASHMAN:

Thank you and have a Happy Thanksgiving.

CHAIRMAN STERN:

Okay. We have introductory resolutions.

INTRODUCTORY RESOLUTIONS

Let's begin with **IR 1987- 2009, approving the appointment of Kevin O'Hare as a member of the Senior Citizens Advisory Board (CE)** Mr. O'Hare is with us today and we'll invite him up. And it's always good to see you. Welcome.

MR. O'HARE:

Good afternoon. I have -- I'm back actually on this Advisory Board. I have the liaison for Office for the Aging as Legislator Stern knows. He was on the board with me. I took the minutes. And I was nominated this year by Legislator Nowick for Senior of the Year. Most of you have dealt with a lot of veterans. I do a lot of stuff with veterans and seniors and hopefully that's why I'm here today to be appointed to this advisory board.

CHAIRMAN STERN:

Questions? Let me just ask one I guess open ended general question. Maybe because of your involvement and that, of course, is evidenced in your very impressive resume that we have, but you are certainly somebody that has been out there for so long in a meaningful way. Given it is particularly challenging times in your discussion with seniors, what would you say is the most common challenge that our seniors throughout Suffolk County are facing today?

MR. O'HARE:

The biggest challenge I see is payment of their prescriptions. I can't believe how much seniors are paid. I see it in the pharmacy where I go. And I'm a senior. And I've been hit with the same thing. I was only in the County for eight years. I served six years here and two years as a veteran. They gave me credit. So I pay regular insurance plus Medicare I have, which is mandatory at age 65. But that is the biggest problem they have.

But on the other end I'm also helping our younger people. I'm on two anti drug task forces. These are our grandchildren. Could be your children. And that's part of seniors getting active in the community which I think is a big thing, not only to help seniors but to help the other -- your younger people, I think, is very important.

CHAIRMAN STERN:

Kevin, thank you for coming down. I know that your resume has been distributed to colleagues here at our Committee. Before I say anything else, let's -- I'll make the motion to approve, second by Legislator Eddington. All in favor? Any opposed? Any abstention?

LEG. MONTANO:

Cosponsor.

CHAIRMAN STERN:

Legislator Montano. All around? All around?

LEG. BROWNING:

Yeah.

CHAIRMAN STERN:

Cosponsors all around.

MR. O'HARE:

Thank you very much. I appreciate it.

CHAIRMAN STERN:

Thanks so much for being here. Since your nomination was approved here at Committee, I don't think there will be any reason for you to appear at our upcoming general session.

MR. O'HARE:

Okay.

CHAIRMAN STERN:

And we'd be proud to make that motion there as well.

MR. O'HARE:

Thank you much.

CHAIRMAN STERN:

All right. Very good. Have a good holiday.

IR 2033-2009, adopting Local Law no.-2009, A Local Law to Extend the right of first refusal to homeowners of planned retirement communities. (Romaine) This needs to be tabled for public hearing. Legislator Romaine.

LEG. ROMAINE:

Thank you for making that motion. I just showed up today because I wanted to explain this resolution briefly. Most of you don't have mobile homes in your districts. Legislator Lindsay, Legislator Gregory, Legislator Schneiderman and myself do. In fact, I have about 1500 mobile homes. They are protected by the State of New York. And they are guaranteed the right of first refusal. But I have a planned retirement community of about 525 homes in my district that is not mobile homes but operates almost exactly the same.

All of the land is owned by a management company as well as the amenities. And although people buy homes there, they don't own the land that the homes sit on; and, therefore, I wanted to extend to them the same rights that the state has extended to those in mobile homes, which is if the management company decides to sell, the opportunity is given to the homeowners who rent the land and pay management fees to purchase their community through a homeowners' association. This deals specifically with Greenwood Village but this is becoming a more popular type of retirement community.

Greenwood Village when they first opened and there were several sections of it, the homes sold for between 100 and \$150,000. Now you can't buy a home there -- you can buy a home there if you wish for somewhere between 20 and \$40,000 now because the management company has decided to up their management fees for services they don't provide to close to \$1,000 a month robbing the equity of anyone. But this gives an opportunity to homeowners should the management company ever decide to sell to have the right of first refusal. All that does is allows them to make an equal

offer to that. And that's what this piece of legislation does. I'm glad you'll be tabling it for a public hearing and hopefully there'll be some debate on that at the public hearing.

CHAIRMAN STERN:

Thank you, Legislator Romaine. And to point out to --

LEG. ROMAINE:

I'll be happy to answer any questions by the way.

CHAIRMAN STERN:

-- to my colleagues that we do have a memorandum from our Counsel that is attached to the resolution that goes into many of the legal points which will be important to review for this particular piece of legislation.

LEG. ROMAINE:

It's important and it mirrors what the State has done for mobile homes simply because these are not mobile homes. They're stick built or modular homes. They're not covered by state law so this gives them the protection that state law does. I don't know if the owner has any intention of selling but should the development company, management company wish to sell, they have to offer the right to purchase -- to meet whatever the purchase price is, an appraisal price, to the homeowners through their homeowners' association.

CHAIRMAN STERN:

Legislator Montano.

LEG. MONTANO:

Just quickly, could you just refresh my recollection? Didn't we do this and it was challenged and now this is an amended version?

LEG. ROMAINE:

No, we did something else.

LEG. MONTANO:

We did something else.

LEG. ROMAINE:

This is an attempt to offer them the same protection as the state offers to others in similar situations. It's not covered by state law.

LEG. MONTANO:

All right. Same issue just --

LEG. ROMAINE:

Right.

LEG. MONTANO:

Different --

LEG. ROMAINE:

Totally different than the other pieces of legislation. The other pieces of legislation requires the management company to indicate to send everyone a bill, an itemized bill of what they're charging, which I -- if we ever win that case, I'd be interested to look at those bills. As I said they're charging these people -- this is a very moderate -- low to moderate income community, a thousand dollars a month for maintenance. Even the most expensive condominiums in my district --

LEG. MONTANO:

Shouldn't cost that.

LEG. ROMAINE:

-- don't charge anywhere near that.

LEG. MONTANO:

That kind of maintenance. Thank you.

LEG. ROMAINE:

Doing things that they shouldn't do.

CHAIRMAN STERN:

Thank you, Legislator Romaine. So I'll make the motion to table for purposes of public hearing, second by Legislator Montano. All in favor? Any opposed? Any opposition? Motion carries. Okay.

(VOTE: 5-0)

Anybody else? Anybody else? Okay, very good. Thank you.

**THE MEETING CONCLUDED AT 12:32 PM
{ } DENOTES SPELLED PHONETICALLY**