
Comparing of Local Government Official Website Disclosure about Home Equity Reverse Mortgage Pilot Program in Taiwan

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The purpose of this study discusses the comparison of local government official website disclosure the home equity reverse mortgage pilot program. The content adopts content analysis and method of interactive reply to test the speed of interaction and content between local government and people. The study found that people could acquire relevant information in small part of counties' websites and the information was provided inadequately. Moreover, the test result was acceptable in most of counties for speed of reply and content. This study suggests that related regulations of government information disclosure should provide framework and content to government official website and regulate proper standards to enhance users' convenience and accessibility. Then it will achieve the effect of policy and increase elders' welfare level.

Keywords: Home Equity Reverse Mortgage, Local Government, Official Website

Introduction

It is people's right to require government to disclose information publicly and it is also the performance of democracy. Furthermore, when people

have essential relevant information, they can supervise government's performance efficiently. Based on the third article of Law of Publication of Information, we can realize that government information as defined in the Law means information which a government agency produces or acquires within its respective authority and is saved in the forms of documents, pictures, photos, magnetic disks, magnetic tapes, optical disks, microfilms, integrated circuits chips or others which can be read, seen, listened or understood with the assistance of technology or auxiliary methods. People have the right to realize the information about government's policies. In addition, it has many ways to disclose government's information based on the eighth article of Law of Publication of Information. It includes internet or other way of online search for the public. Therefore, government official website becomes the platform of disclosure information between government and people naturally and the cost is the lowest.

The development of technology lets internet become a necessity for people to live in many countries (Perez et al., 2005). As for the increase of related hardware and software, official website is much more important for the function of information platform (Shahkooh, 2009). Thus, official website becomes essential tool for government to disclose information. Everyone can easily search and realize the information through this platform (Layne and Lee, 2001). Local government can spread information broadly through official website; then people are more publicly available in low cost. When researchers browse the internet, we found that local government provides information broadly and the design of website is totally different. Hence, it is also important issues that whether people can acquire necessary information in low cost and acquire complete information or not.

According to official data, Taiwan's speed of aging is quicker among other countries; thus, merchants start to focus on those commodities for elders. Ministry of the Interior started to implement home equity reverse mortgage pilot program in 2013 after discussion for many years. There are two reasons for government to do this plan. First, it is the gap of income source of retirement and demand for living. Second one is that the change of social structure which are aging of population, increase of life span and trend of fewer children. Government hopes to provide more living expenses in specific conditions for elders who have real estate through this financial system. Then it will enhance its living dignity and achieve the hope of aging in place.

Home equity reverse mortgage originated from 400 years ago in Europe. After economic recession happened in 1929, England had such product which helped elders to gain cash in order to pay for their living expenses. America became an essential development model in 1970 and 1980 because of parliament's advocating, government implement, assistance of non-profit organization, complement of related regulations and establishment of sub-market (Huan and Mahoney, 2002). There are four different guarantees between home equity reverse mortgage and general mortgage (Phillips and Gwin, 1993). First, it is the residency guarantee. People still have the ownership of the house and can live independently instead of leaving the own place. Even though the loan of principle and interest is accumulated over the value of real estate, people also do not require leaving the living place. However, if people left the place permanently or died, they need to leave. Second, it is the income guarantee.¹ It is the dollar-cost averaging benefits and it will give it to people until leaving or dead. Third, it is the repayment guarantee. It means that people not only do not need to provide the information about personal income and credit but also do not repay the principle and interest until leaving or dead. Forth, it is the non-recourse guarantee. Debtors do not be required to repay debts through their other assets.

The conception of pilot program is good. It can enhance not only elders' life-long aggregated utility but also their welfare level through the cash flow of real estate. However, the content of project needs to be guided and disclosed through local government. Hence, this study hopes to do comparative analysis: the difference of convenience about search relevant information for local residents through local official website. For instance, does government disclose relevant information? How is the cost of search? How about the accessibility of getting information? Above those examples are the research purposes of this study.

This study is organized as follow. First, it is the literature review about disclosure information of government official website. Second, it is the research method and design. Third, it is the result of study. Last one is the conclusion and suggestions.

¹ The payment of income guarantee only has the way of annuity

Literature Review

The Government Official Website

Shahkooh (2009) thought that website had many advantages compared to other types of tools. For example, first one is that it is much more accessible to gain the information in low cost through website. Second, the framework of information is more flexible. Li and Huang (2001) found that most of government has started to use internet to disclose relevant information to the public based on the popularity of internet and necessity of people in developed countries. The experience of E-government and information and communication technology (ICT) has developed for decades in Taiwan. Moreover, it also builds the related framework (Hsiao, Cheng and Li, 2002).

Chou (2003) advocated that government official website should focus on two parts; then government can efficiently serve people's purpose. First, it should integrate all local government's information and provide the ability of gaining information for people rapidly and in low cost. Second, it also should integrate related platform for people to use it conveniently in order to increase the service quality in public sector. Importantly, people can satisfy in one-stop shopping through government official website and increase the quality and quantity of official website's service.

Kang (2002) found that it is insufficient of framework in every local government website through combination of public organization, theory of information technology and actual data. Furthermore, Shih (2002) thought that it is necessary to enhance the transparency and interaction through indicators of website to analyze Taiwan government's transparency and interaction in E-government study.

Literature, which mentioned above, contributes greatly to government official website but there is less literature testing the convenience of search relevant information through issue analysis. Hence, this study can complement the literature's insufficiency and realize the related result of people's usage when they search it practically.

The development of home equity reverse mortgage in most main countries

It includes America, England, France and Australia which have founded the home equity reverse mortgage nowadays. Moreover, the implement of home equity reverse mortgage is totally different among those countries. The explanation is as follow.

1) America

The commodity of home equity reverse mortgage is “Home Equity Conversion Mortgage (HECM²)” in America. Applicants for the value of real estate are usually low because the maximum loan of HECM is low. The HUD (U. S. Department of Housing and Urban Development) will suffer the loss of loan by the financial institution in HECM. This purpose is to stimulate borrowers’ willing of making loan³. HUD accumulates reserve to take a risk through the way of receiving monthly insurance fees from borrowers (Huan and Mahoney, 2002).

2) France

The home equity reverse mortgage calls “viager” and it traces back to era of Roma. Although elders sells out their real estate, they still have right to live. Moreover, buyers will pay fixed benefits regularly until elders are dead. From the maximum of loan-to-value, it mainly has relationship with age. Borrowers whose age is 60 are 50% of the fair value of real estate. The age of 70 is 60%. Furthermore, the age of 80 and 90 are separately 70% and 80%. The way of payment can be separated in two parts. The maximum of down payment is 30%. The others’ payment pay monthly and it will adjust payment based on inflation (Chang, 2005: 17-18).

The number of contracts have been contracted about 400 thousand and increase about 7 thousand every year now. The content of viager’s contract divides into two types practically. First, it is “viager occupe”. This type of viager means that sellers who sell their house can still live in their own house until they die. This contract accounts for 97%. The second type is

² HECM accounts for above 90%

³ This method calls assignment option. Moreover, it still has share premium option. The borrowers and HUD will share the loss together. Actually, there is no example of sharing insurance option (Szymanoski, 1994:350).

“viager libre”. This type is that sellers need to move to another place when they sell their house. Furthermore, it does not have the restriction on sellers’ age (Chang, 2007:37).

3) England

England started to sell such product in 1965 and became popular in 1980. However, it influenced consumers’ faith because of lawsuit in the end of 1980 (Huan and Mahoney, 2002). The UK government banned financial institution to sell such product and regulated Investor’s Compensation Scheme to compensate consumers in 1990 (Wang, 2004:22-23). Furthermore, government made a plan of home equity reverse mortgage in 2001. This plan permitted government to provide loan based on the value of real estate. Moreover, the contract expired until elders died or sold their house. Government provided 85 million pound to promote this plan in the following three years (Wang, 2004:22-23).

This kind of product has two types in England. First, it is the “home income plan”. Elders set real estate as a pledge and gain funds to purchase life-long insurance. When borrowers die or move to another place permanently, the contract expires. Second one is the “home equity reversion”. Elders sell out the right of real estate and gain annuity in period until they die. Nevertheless, they have to pay rent and other related fees monthly (Huan and Mahoney, 2002).

4) Australia

It had product of home equity reverse mortgage in the end of 1980 in Australia. Applicants need to conform to 55 years old, having own real estate, without other loan or merely having micro-credit; then loan-to-value is about real estate’s 20% to 40%. There are three types of home equity reverse mortgage in Australia. First, it is “reverse mortgage”. The value of real estate determines the borrowers’ loan and they do not need to pay it back until they move or die. Second is “home reverse scheme”. Sellers have the right to live until they die or move when they sell the real estate in lower price which is about 35% to 60% of the house price. Third one is “shared appreciation mortgages (SAMs)”. The characteristic of this type is that owners of house give up the equity of real estate’s future value in order to exchange the lower rate of loan. The scale of market was 468 million Australia dollars until March 2004 and it increased 770 million Australia

dollars in March 2005. Furthermore, it expected to increase to the range of 12 trillion Australia dollars or 15 trillion Australia dollars in 2010⁴.

5) The demonstration project of Taiwan⁵

According to the Ministry of Interior official website's data, government pilots in advanced and adopts model of social welfare. Moreover, government will offer funds and take the risk of real estate's fluctuation and unpredictable elders' life expectancy. The application conditions are as follow. First, the age is over 65 years old in every county. Second, there is no potential heir. Third, single owns real estate. Forth, the value of real estate is not over the standard of the near-poor household based on Public Assistance Act. In addition, the number of application pieces initially only provide 100 people at most during the year of 2013 to 2016.

The payment, which is actuarial calculation based on the genders and age of elders and the valuation result of real estate, is in accordance with following table 1. The males' payment is higher than females' payment at the condition of same age and same value of real estate because females live longer than males based on the actuarial result. We can realize that when the present value of real estate is 10 million NT dollars and the age is 70 years old, elderly males can receive 34,800 NT dollars monthly and elderly females can receive 30,300 NT dollars in a month. In addition, the higher the value of real estate is, the higher monthly payment is. If the present value of real estate is 5 million NT dollars with 70 years old females, they can receive 15,000 NT dollars. If it is the 7 million NT dollars, they can receive 21,100 NT dollars. Moreover, if it is the 9 million NT dollars, they can receive 27,200 NT dollars.

⁴ Source: Australian Securities & Investment Commission (ASIC)
Website: <http://www.fido.gov.au/equityrelease>, ASIC(2005), Report 59

⁵ Source:
http://www.moi.gov.tw/chi/chi_news/news_detail.aspx?sn=7197&type_code=&pages=0, search date: 2013-02-27

Table 1: The payment of Home Equity Reverse Mortgage Pilot Program- Case Description
Unit: NT dollars/ month

Age and genders The Present value of real estate (10 thousand NT dollars)	65 years old		70 years old		75 years old	
	Male	Female	Male	Female	Male	Female
300	8,200	7,100	10,300	9,000	13,400	11,700
500	13,800	11,900	17,300	15,000	22,500	19,600
700	19,300	16,800	24,300	21,100	31,600	27,600
1,000	27,700	24,000	34,800	30,300	45,300	39,500
1,200	33,200	28,800	41,800	36,300	54,400	47,400

Source: Ministry of Interior Official Website

The Research Method and Design

Generally speaking, the research of government official website adopts content analysis that is a research method to evaluate media’s effect. Therefore, this method is viewed as a quantitative qualitative research. The purpose of this study practically tests the convenience of getting information from the website; thus, it adopts direct method that means we browse and search individually in every county’s official website. Then record and analyze and compare the differences during the period of research. The period of research is in March, 2014. The steps are as follow.

First, browse the related information and function bar in the homepage. Next, decide the place which can link and start to search.



Figure 1: Browse the related information

Second, type the keyword of “home equity reverse mortgage” in homepage’s search function.



Figure 2: Type the keyword

Third, search the link and documents; then calculate number of clicking for necessary information.



Figure 3: Search the link



Figure 4: Calculate number of clicking

Forth, if we cannot find any relevant information through above method, we will leave a message in mayor's mailbox. This is aim to realize the speed of reply and analyze its quality.

The Result of Study

Result

According to table 2, this study finds that most of counties cannot use the keyword of home equity reverse mortgage to search the relevant information in official website. However, Taipei, Keelung, Taoyuan, Taichung, Chiayi and Tainan can find relevant information. From the number of clicking, Keelung and Taoyuan are four times. Taipei, Taichung, Chiayi and Tainan are three times.

Table 2: The number of clicking on page

County	Number of clicking	Result
Taipei City	3	A
New Taipei City	2	N
Keelung City	4	A
Tayuan County	4	A
Hsinchu City	2	N
Hsinchu County	2	N
Yilan County	2	N
Miaoli County	2	N
Taichung City	3	A
Changhua County	2	N
Yunlin County	2	N
Nantou County	2	N
Chiayi City	3	A
Chiayi County	2	N
Tainan City	3	A
Kaohsiung County	2	N
Pingtung County	2	N
Hualien County	2	N
Taitung County	2	N
Penghu County	2	N

Source: Self-summarized

A: The representation of finding relevant information

N: The representation of none

This study explains the data about counties which have relevant information. From the aspect of convenience (Table 3), first, Keelung government provides the most detailed information and it also clearly describes project’s purpose, application conditions, and the main bank. Moreover, it provides many files, which include PDF files and WORD files, about application information for those who need it. Hence, users can gain complete information at lowest cost in Keelung official website among other five counties. Second, it does not provide contact way to social welfare department as well as contact person and phone number. Because of this situation, users get worse information at high cost.

Table 3: The comparison of providing information differences among five counties

County	Content Description	Main Unit	Contact Person	Contact Phone Number	Source
Keelung County	Yes. Detailed	Department of Social Welfare, Senior Welfare and Physical and Mentally Disabled	None	Yes	Yes. Completed
Taipei City	Yes	Department of Social Welfare, Senior Welfare	Yes	Yes	None
Taoyuan County	Yes	Department of Social Welfare	None	None	None
Taichung County	Yes	None	None	None	None
Chiayi City	Yes	Department of Land	None	Yes	None
Tainan City	Yes	None	None	None	None

Source: Self-summarized

Finally, we test the reply in mayors' mailbox for those counties which cannot search for the information that we need. We summarize in table 4. Yilan and Nantou do not reply compared to other fourteen counties. Furthermore, the speed of reply, which is from one day to seven days, has a big difference for those counties' reply. New Taipei City provides related website to do further search in the reply. Most of counties also provide contact person's phone number. Hence, we think that the speed of reply is acceptable for most people. However, if government replies it over four days, people may lose patient. For the content, it is the better way to provide phone number because project of home equity reverse mortgage, application conditions and system are complicate for people to realize.

Table 4: The speed of reply and content in every county

<u>County</u>	The speed of reply (Day)	The content of reply	Reply number
<u>New Taipei City</u>	7	Provide information website and contact number	No.1030324542
<u>Hsinchu City</u>	3	Provide related regulations and contact number	10303240053
<u>Hsinchu County</u>	2	Provide application conditions and contact number	
<u>Yilan County</u>	None		
<u>Miaoli County</u>	6	Provide application conditions and contact number	
<u>Changhua County</u>	7	Provide application conditions and contact number	No.1030000846
<u>Yunlin County</u>	4	Provide relative regulations and contact number	
<u>Nantou County</u>	None		
<u>Chiayi County</u>	4	Provide application conditions and	

		contact number	
<u>Kaohsiung County</u>	1	None	B-328439
<u>Pingtung County</u>	4	Provide contact number	B10300479 No.10309154700
<u>Hualien County</u>	3	Provide application conditions and contact number	No.103-793
<u>Taitung County</u>	7	Provide application conditions and contact number	D10303240008
<u>Penghu County</u>	2	Provide application conditions and contact number	201403240002

Source: Self-summarized

The research restriction

Based on the restriction of time, this study cannot guarantee whether website has provided relevant information for elders. Second, those related social welfare departments may provide information but this study do not attempt to do search in this part because this study think that search function should be well-designed and offer related technique on the link in every county’s official website.

Conclusions

The purpose of home equity reverse mortgage provides those elders who have much real estate without enough money. They can transfer real estate to cash flow. Furthermore, it also achieves the hope of aging in place and enhances living dignity through home equity reverse mortgage. The demonstration project can become Taiwan’s development plan and an origin of necessary funds for elders’ living.

This study finds that people can find relevant information and data in few counties’ official website. Moreover, it also lacks of accessibility. According to the above data, Keelung is the only county which provides the most complete detailed information and describes clearly in the aspect of project purpose, application conditions and main bank. Furthermore, it also

provides many types of files including PDF file and WORD file for people to download; therefore, users can get complete information in lowest cost among other five counties. For other counties, it can enhance the convenience of acquiring information for users when counties provide contact person and contact number in the reply.

According to the development of home equity reverse mortgage in overseas country, the market of commodity grows up in order to adapt changing of social structure. However, we do not sign the contract and do not have a successful example so far when we start to implement the home equity reverse mortgage. One reason is the strict of conditions of pilot plan. Another reason is that people cannot acquire relevant information. Above all, this study suggests that regulations of government information disclosure should provide framework and content to government official website and regulate proper standards to enhance users' convenience and accessibility. Then it will achieve the effect of policy and increase elders' welfare level.

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