

**THE REVERSE MORTGAGE  
COUNSELING PROCESS**

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&  
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# **AGENDA**

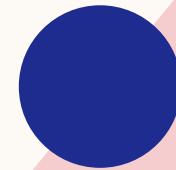
Intake

The Counseling Session

Protocol Questions

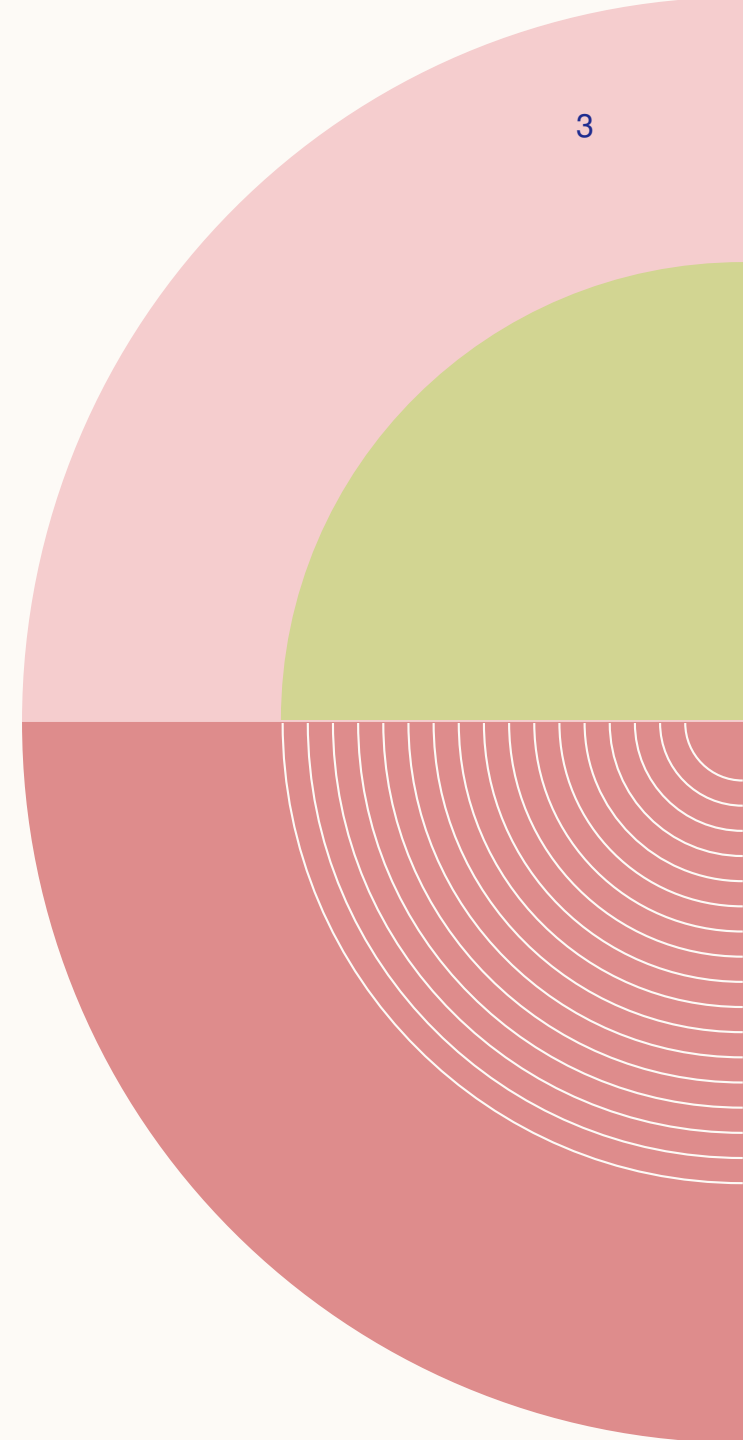
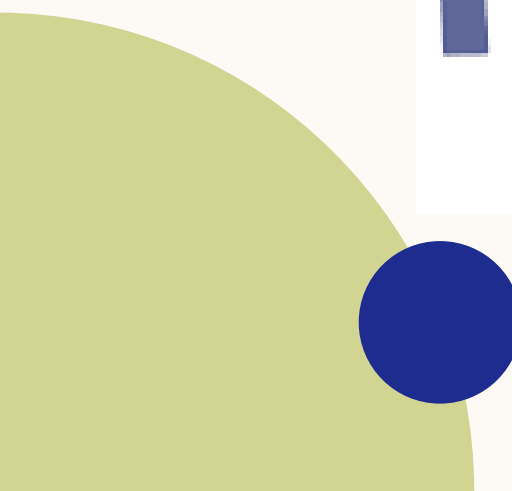
Next Steps

Follow-up



# INTAKE

connect listen  
mirror  
identify respect  
**rappor**t relate  
explain **build**



# INTAKE & SCHEDULING

- Full Name(s) (all owners, NBS, NBO)
- Date of birth (all borrowers & eligible NBS)
- Name and contact information for legal representative if any
- Telephone number, email addresses
- Physical and mailing address
- Amount of any liens on the property
- Reason for considering a reverse mortgage
- Borrower payment plan options, if know
- Income
- HUD's 'Preparing for your Counseling Session'
- NCOA's 'Use Your Home to Stay at Home'
- Reverse Mortgage Comparison
- Amortization Schedule
- TALC
- Disclose fee and determine if client will pay up front or finance the fee

# THE COUNSELING SESSION



## DISCLOSURES

- HUD required disclosures
- We don't recommend or refer to any lenders
- We don't work for any lenders
- We must remain neutral
- We are an independent 3<sup>rd</sup> party



## COUNSELOR ASSISTANCE TOOL

- CAT
- Series of Questions
- Household budget
- Assess client needs
- Tailor counseling session



## RESOURCE IDENTITY TOOL

- RIT
- Identify local, state, and national assistance programs for seniors.
- Many resources are shown in the State and Local Area Agencies on Aging (AAA) websites.

# CAT

## Counselor Assistance Tool

- Assess the clients needs and goals to customize the counseling session

Is the reverse mortgage a long term plan?

Tax & insurance payment history.

Availability of help nearby.

Condition of Home. Any barriers to age in place?

Means-tested benefits?

Plans to purchase financial products?

Other assets?

# THE COUNSELING SESSION



## HECM BASICS

- Types of reverse mortgages
- Rising debt/ Falling equity
- Non-recourse feature
- MIP
- Lender default
- Advantages/ Disadvantages



## LOAN ESTIMATES

- Financial assessment
- Fixed vs. ARM
- Principal limit factors
- Financed fees/ closing costs
- Set-asides
- Initial disbursement limit
- Second appraisal



## PAYMENT PLANS

- Tenure
- Term
- Line of Credit
- Credit line growth
- Lump sum
- Combination Plans
- Changing plans
- Exhausting proceeds



## BORROWER OBLIGATIONS

- Property taxes
- Homeowner's insurance
- Maintenance
- HOA dues/ Condo fees
- Occupancy
- Consequences of default



## LOAN REPAYMENT

- No prepayment penalty
- Maturity events
- Repayment options
- Timeframes

# PROTOCOL QUESTIONS



## GENERAL QUESTION ABOUT REVERSE MORTGAGES

Who owns your house when you have a reverse mortgage?



## GENERAL QUESTION ABOUT REVERSE MORTGAGES

Which payment plan option makes the most sense for your situation?



## GENERAL QUESTION ABOUT REVERSE MORTGAGES

Does the money you get from a reverse mortgage ever have to be paid back?



## QUESTIONS TO DETERMINE IF THE CLIENT UNDERSTANDS THE IMPLICATIONS OF A REVERSE MORTGAGE

What homeowner responsibilities will you continue to have after you get a reverse mortgage?



## QUESTIONS TO DETERMINE IF THE CLIENT UNDERSTANDS THE IMPLICATIONS OF A REVERSE MORTGAGE

What happens if the amount you owe under a reverse mortgage gets to be greater than your home is worth at that time?

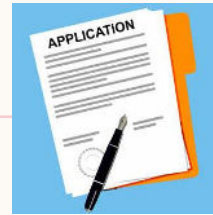


# NEXT STEPS



## ALTERNATIVES

- Often prompted by borrower
- Selling & moving
- Single purpose
- Sale leaseback
- Refinance
- HELOC



## APPLICATION

- Application fee
- Documents required
- Fixed or adjustable rate
- Payment plan
- Voluntary LESA



## APPRAISAL

- FHA appraisal
- Areas of inspection
- Required repairs
- Collateral risk assessment
- 2<sup>nd</sup> appraisal

# NEXT STEPS CONTINUED



## UNDERWRITING

- Determine eligibility
- Determine if LESA required
- Based on appraisal, financial assessment & other factors
- Up to date documentation



## LOAN CLOSING

- Once approved, a date of closing can be set
- Some states require that an attorney be present



## RIGHT OF RESCISSION

- After closing on the HECM you will have 3 business days in which you can cancel the loan.
- Business days include Saturdays, but not Sundays or legal holidays
- Must be in writing

# FOLLOW UP



We are available to our clients post counseling as well



6 week follow up to check in and answer any questions they might have

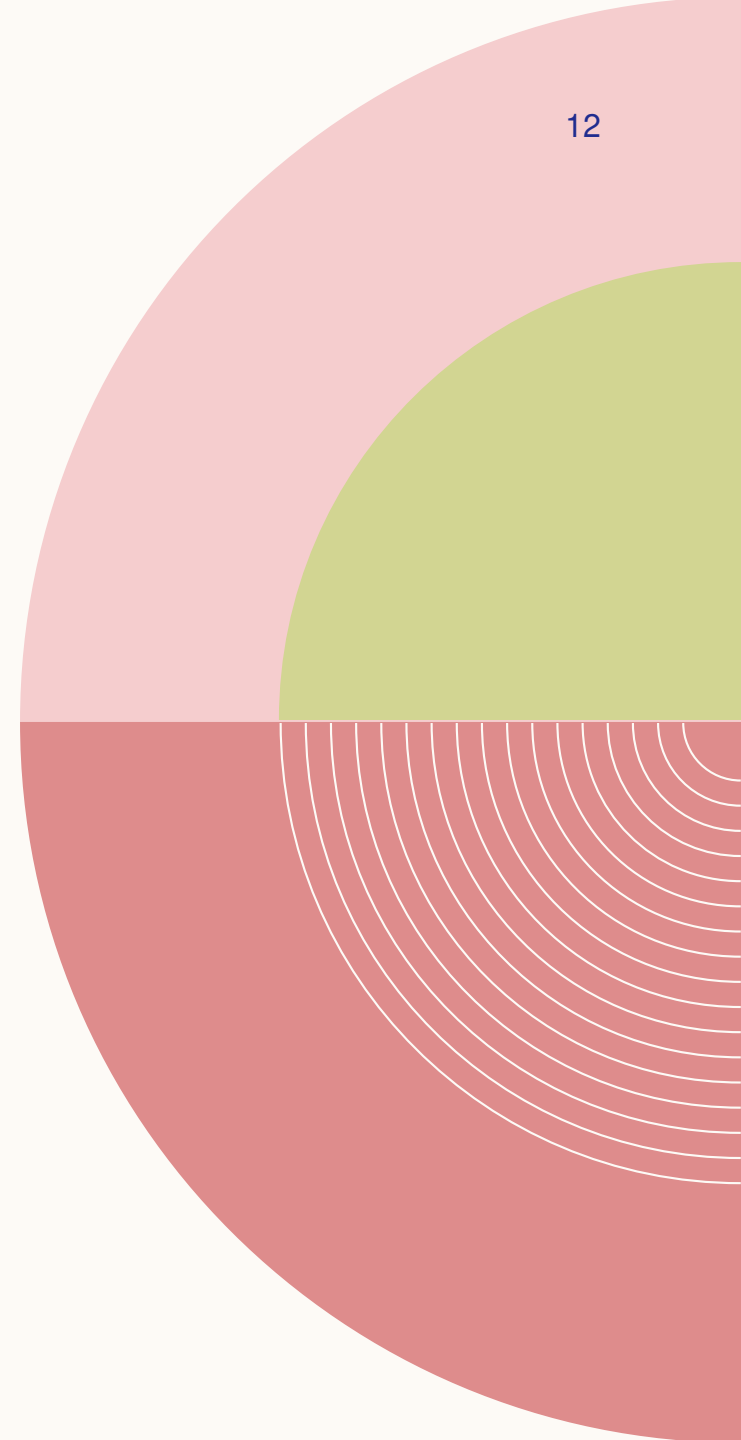
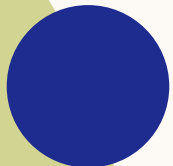


6 month follow up to record any outcomes for HUD and close out file

# TIPS & TRICKS

## WHAT CAN YOU DO TO PREPARE YOUR CLIENTS?

- Let them know what to expect
- Don't minimize counseling
- Explain the fee
- Have client share information about any NBS and NBO
- Make sure your client has their documents
- Make sure they know your name
- New loan proposals
- Certificate corrections after expiration



# QUESTIONS?



# THANK YOU

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