



Reverse Mortgage Counseling Checklist

Have these items available for your counseling session...

- Loan Comparison Page

The calculator loan results is an estimate of available reverse mortgage programs and summarizes margins, rates and principle limits.

- TALC - Total Annual Loan Costs

Explains that the cost of any reverse mortgage loan depends on how long you keep the loan and how much your house appreciates in value. Generally, the longer you keep a reverse mortgage, the lower the total annual loan cost rate will be.

- Amortization Schedules

An amortization schedule provides a year by year summary of what to expect in interest accrual, compound interest, available credit line, as well as net equity to be left in the estate. Actual interest charges and property value projections may vary from different programs or cash advances

- .PDF Guide: “Use Your Home to Stay at Home”

Download this guide now by [Clicking Here](#), your counselor should also provide you a copy

General FAQ's

- **When you have a reverse mortgage, who owns your house (whose name is on the title/deed)?**

I do. I always own my home just as with any other mortgage, I always own my home.

- **There are several “payment options” or ways to get money from a reverse mortgage. Which payment option do you think will best meet your needs? What other choices do you have (if applicable)? What happens if you change your mind later and want to change your payment plan?**

You need to tell the counselor if you want the line of credit, the monthly payment or the lump sum and why. If you change your mind before your loan funds, you can always change to any program and if you have the line of credit or payment option, you can change your mind after the loan funds for a small fee.

- **When you have a reverse mortgage, do you have to make a monthly payment to the bank?**

There are no monthly mortgage payments to the bank on a reverse mortgage.

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

Yes. When I stop living in the property as my principal residence, I move to another property, I sell this home or pass, then the loan and all interest and fees which have accrued will be due and paid back at that time.

Implications of the Reverse

Mortgage

- **When does the reverse mortgage have to be paid back?**

When I no longer live in the home as my primary residence for a period of 12 months or more.

- **What homeowner responsibilities will you continue to have after you get a reverse mortgage? What may happen if you do not keep up these responsibilities as a borrower?**

I must pay all the taxes and keep property insurance current and maintain the property in a satisfactory condition. If I do not do these things, the lender can call the Note Due and Payable which would mean that they could foreclose on the Mortgage.

- **What happens if you use up all the money that is available from the reverse mortgage? Offer an example tailored to client's circumstances, e.g., "What if you took all the money from the reverse mortgage in a lump sum and spent every bit of it? What would happen to you? Would you be able to go on living in your house?"**

If I use up every bit of my reverse mortgage I would still be able to live in my home based on my income or I would have to consider my secondary plan at that time to sell the home and downsize.

- **What happens if the amount you owe under a reverse mortgage gets to be greater than your home is worth at that time? Would you have to move out of your house? Would you have to take out another loan to pay the difference?**

A reverse mortgage is a non-recourse loan and I can keep living in my home as long as I live regardless of the values. I will never have to pay more than my home is worth on a bona fide sale.

Implications Continued...

- **If you get a reverse mortgage, how does that change the amount of money that you will have to leave to your children (or other heirs)? Will your children or other heirs inherit more or less after you die, than they would have without the reverse mortgage?**

If I use equity from a reverse mortgage for living expenses now, that would leave less money for my heirs after I die, but then I also would not have to take money from them now to live.

- **How does a reverse mortgage change the amount of money you would have left to take with you if you moved somewhere else like into a retirement community? Will you have more or less left over to spend if you move somewhere else?**

If I use part of the equity to live now, I would have less later if I chose to move later.

HECM Refinance Questions

(If you are refinancing one reverse mortgage into another reverse mortgage)

- **If you refinance your current HECM, will you still have to pay mortgage insurance? How does this work?**

I would not have to pay the same mortgage insurance a second time on a refinance of my HECM. They would credit the amount I already paid to the new loan.

- **What are some of the additional costs you will incur with a refinance?**

Additional costs would be any origination fees or third party costs that were being charged that were not being paid for by the lender.

HECM Purchase Questions

(If you are purchasing a home with the reverse mortgage)

- **When you purchase a home with a HECM, will the HECM be held on your existing home or your newly purchased home?**

The HECM is being put on the home I am purchasing.

- **How will the lender determine how much money you will need at closing? What sources of funds (money) are allowed when you purchase a home with a HECM?**

The lender determines my eligibility by using the HUD calculator using the lower of the appraised value, sales price or HUD lending limit and then I have to pay the difference as my down payment, plus any closing costs for the transaction. Sources of funds are usually cash I have in the bank or proceeds from the sale of other real estate or any of the other allowable methods stated by HUD but I cannot use seller credits, etc for the down payment, I must have the money.

- **Why is it important to get a home inspection?**

Many things can't be seen upon a visual inspection and a home inspector is trained to check all electrical, plumbing and everything in the home. It is also smart to get a home warranty.

- **When you are working with a real estate professional, what are some of the questions you should ask him/her?**