

Chapter 3. HECM Counselor Checklist: Required Counseling Activities/Topics for Discussion

Overview

Contents

This chapter contains the topic “*HECM Counselor Checklist.*”

1. HECM Counselor Checklist

Introduction This topic contains a HECM Counselor Checklist for use in performing

- client intake
- the counseling session
- completion of the client file, and
- follow up with the client.

Change Date

PROTCL 3.1.a Required Client Intake As part of the initial client screening and intake of client information, counselors must gather/discuss the information listed in the table below.

Information/ Topics for Discussion *Note:* To be completed by a trained assistant or the counselor.

Topic for Discussion/ Required Action	✓	Required Information/ Description of Required Action
Client Information		Client Name, Address, Date of Birth
		Estimated home value, location, type
		Existing debt on home
		Any unpaid Federal debt
Client Objectives		Determine the client's main reason(s) for investigating reverse mortgages
		Discuss the client's personal and financial goals
Disclosures		Disclose the fee structure for the counseling session (either at intake or the beginning of the counseling session). <i>Reference:</i> For information on fees, see HECM Protocol 7.A.2.
		Determine if paying the HECM fees will cause the client financial hardship. Is the client's income below 200 percent of the Federal Poverty level? (If so, a counseling fee cannot be charged up-front – only at closing).
Client Assistance (Discuss with client)		Hearing or language problems

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1. HECM Counselor Checklist, Continued

PROTCL 3.1.a Required Client Intake Information/ Topics for Discussion (continued)

Topic for Discussion/ Required Action	✓	Required Information/ Description of Required Action
Client Assistance (Discuss with client) (cont.)		Legal capacity, if necessary
		Power of attorney, if necessary
Family/Advocate Participation		Encourage participation by family and/or professional advisors <i>Reference:</i> See HECM Protocol 7.A.4.
Counseling Process Overview		Inform client of <ul style="list-style-type: none"> • counselor’s role • topics to be covered in reverse mortgage counseling • his/her choice of face-to-face counseling session or a telephone session.
		Document client’s choice for counseling delivery method in client’s case file.
Required HUD Handouts		Provide clients with the following required HUD handouts <ul style="list-style-type: none"> • Preparing for Your Counseling Session (See HECM Protocol 7.C.12) • printout of loan comparisons • printout of TALC calculation • loan amortization schedule, and • National Council on Aging (NCOA) Booklet, <i>Use Your Home to Stay at Home - A Guide for Homeowners Who Need Help Now</i> at www.ncoa.org/rm. <p><i>Notes:</i></p> <ul style="list-style-type: none"> • Send these documents by regular mail, priority mail, fax or email. • Loan printouts must be relevant to the client’s situation to facilitate counseling session. • If the lender provides the information packet to the client, the lender must provide the counselor with copies of the same loan comparison print-outs that were provided to the client. The counseling session cannot be held until the counselor has a copy of the loan comparison print-outs provided by the lender.

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1. HECM Counselor Checklist, Continued

PROTCL 3.1.a Required Client Intake Information/ Topics for Discussion (continued)

Topic for Discussion/Required Action	✓	Required Information/ Description of Required Action
Required HUD Handouts (cont.)		<ul style="list-style-type: none"> • Stress the benefits receiving and reviewing materials thoroughly before the counseling session, and • establish that client has received and thoroughly reviewed the materials before the counseling session. <p><i>Note:</i> Except in situations where emergency counseling is necessary, clients may not proceed with counseling session until they have received required informational packet and have had sufficient time to review it.</p>

PROTCL 3.1.b Conducting the Counseling Session

The counselor is required to

- discuss each of the protocol elements listed in the table below, with attention to the relevance of each element to the client's specific situation, and
- ensure that the client understands each element and its implications.

Topic for Discussion/ Required Action	✓	Required Information/ Description of Required Action
Confirm Client Data		<p>Gather any additional client data not recorded in initial client intake and confirm any previously recorded client data.</p> <p><i>Reference:</i> For more information on client intake, see HECM Protocol 4.</p>

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1. HECM Counselor Checklist, Continued

PROTCL 3.1.b Conducting the Counseling Session (continued)

Topic for Discussion/ Required Action	✓	Required Information/ Description of Required Action
Determine Client Objectives (Concerns/Interest in Reverse Mortgage) (cont.)		Determine main reason(s) for investigating reverse mortgages.
		Discuss personal and financial goals that may affect decisions about applying for reverse mortgage.
		Help client understand how a reverse mortgage may affect his/her financial situation, including income, assets, liabilities and debts, and current or potential expenditures. <i>Note:</i> If client is uncomfortable his/her financial situation, explain that some financial information is necessary to discuss reverse mortgages and other alternatives.
		Address concerns about preserving assets
		Determine whether the client intends to secure an investment or annuity with the reverse mortgage loan. <i>Note:</i> This risky strategy requires additional discussion and information. <i>Reference:</i> For more information on purchasing an annuity with a HECM, see HECM Protocol 5.B.10 .
		Inform client that lenders and HUD do not require estate planning services in order to obtain a HECM.
		Create a budget using the Financial Interview Tool discussed in HECM Protocol 7.B.12 based on the client’s income, assets, debt and expenses.

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1. HECM Counselor Checklist, Continued

PROTCL 3.1.b Conducting the Counseling Session (continued)

Topic for Discussion/ Required Action	✓	Required Information/ Description of Required Action
Discuss Client Needs and Circumstances		Discuss the following, as appropriate: <ul style="list-style-type: none"> • effect of property value on available equity, and • effect of borrower's age on <ul style="list-style-type: none"> – eligibility, and – access to equity. <p>Reference: For more information on the effect of property value and the borrower's age, see HECM Protocol 5.B.2 and HECM Protocol 5.B.3.</p>
		Discuss with the client <ul style="list-style-type: none"> • current income to determine if reverse mortgage proceeds are appropriate to achieve financial goals, and • how client income may change in the future, and whether there are alternative ways to supplement their income.
		Discuss the length of time the client plans to remain in his/her home.
		Use software printouts to walk clients through preferred loan examples, as well as other relevant examples. <p>Reference: For more information on printouts and loan examples, see HECM Protocol 5.A.2.</p>

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1. HECM Counselor Checklist, Continued

PROTCL 3.1.b Conducting the Counseling Session (continued)

Topic for Discussion/ Required Action	✓	Required Information/ Description of Required Action
Discuss Client and Property Eligibility		<p>Discuss basic borrower issues: age, deed restrictions.</p> <p>Reference: For more information on borrower eligibility, see HECM Protocol 5.C.1.</p>
		<p>Discuss Power of Attorney (POA) and Conservator/Guardian (if applicable).</p> <p>Reference: For more information on conducting counseling with a person holding a POA or a conservator/guardian, see HECM Protocol 5.A.1.b.</p>
		<p>Discuss property eligibility requirements for a HECM.</p> <p>Note: Only the lender is authorized to make official determinations regarding eligibility of the homeowner and subject property. Eligibility requirements vary for different proprietary products.</p> <p>Reference: For more information on property eligibility, see HECM Protocol 5.C.2.</p>
		<p>Discuss residency and allowed</p> <ul style="list-style-type: none"> • time away for health reasons, and • time spent at a vacation home.
		<p>Discuss required repairs (including, if applicable, the 15% rule).</p>
		<p>Discuss properties held in trust (if applicable).</p> <p>Reference: For more information on properties held in trust, see HECM Protocol 5.C.4.</p>
		<p>Discuss the condition of the home and whether repairs or modifications to address mobility/health-related issues, as well as future maintenance, are likely to be necessary.</p> <p>Reference: For more information on property repairs and modifications, see HECM Protocol 5.C.3.</p>

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1. HECM Counselor Checklist, Continued

PROTCL 3.1.b Conducting the Counseling Session (continued)

Topic for Discussion/ Required Action	✓	Required Information/ Description of Required Action
Introduce Reverse Mortgage Features		Rising debt/falling equity
		Retention of title <i>Reference:</i> For more information on retention of title, see HECM Protocol 5.D.5.
		Repayment requirement <i>Reference:</i> For more information on repayment requirements, see HECM Protocol 5.D.5.
		Closed or open-ended funding
		Factors that determine principal limit <i>Reference:</i> For more information on principal limit, see HECM Protocol 5.D.2.
		Payment plan options <i>Reference:</i> For more information on payment plan options, see HECM Protocol 5.D.3.
		Leftover equity
		Loan balance
		Growth rate of payment plans
		Individual loan negative amortization schedule(s)
		Future projections and comparisons
		Non-recourse <i>Reference:</i> For more information on the non-recourse feature, see HECM Protocol 5.D.6.

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1. HECM Counselor Checklist, Continued

PROTCL 3.1.b Conducting the Counseling Session (continued)

Topic for Discussion/ Required Action	✓	Required Information/ Description of Required Action
Discuss Reverse Mortgage Loan Costs		Origination fees <i>Reference:</i> For more information on these fees, see HECM Protocol 5.D.8.c.
		Third party closing costs including appraisal fee, credit report, and title search <i>Reference:</i> For more information on these fees, see HECM Protocol 5.D.8.b.
		Loan costs <i>Reference:</i> For more information on loan costs, see HECM Protocol 5.D.8.
		Mortgage Insurance Premium (MIP) <i>Reference:</i> For more information on MIPs, see HECM Protocol 5.D.7.
		Servicing fee and set aside <i>Reference:</i> For more information on these costs, see HECM Protocol 5.D.8.a.
		Interest rate

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1. HECM Counselor Checklist, Continued

PROTCL 3.1.b Conducting the Counseling Session (continued)

Topic for Discussion/ Required Action	✓	Required Information/ Description of Required Action
Discuss Borrower Obligations and Reverse Mortgage Implications After Closing <i>Reference:</i> For more information, see PROTCL 5.E.1 (TBL).		Repairs
		Taxes, insurance and other property charges
		Financial implications
		Effect on public benefits
Provide Information About Financial Alternatives		Selling and moving <i>Reference:</i> For more information, see HECM Protocol 5.F.1.
		Deferred payment and home repair loans
		Home equity loans <i>Reference:</i> For more information, see HECM Protocol 5.F.2.
		Social service alternatives <i>Reference:</i> For more information, see HECM Protocol 5.F.3.
		Property tax deferral and relief <i>Reference:</i> For more information, see HECM Protocol 5.F.4.a.

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1. HECM Counselor Checklist, Continued

PROTCL 3.1.b Conducting the Counseling Session (continued)

Topic for Discussion/ Required Action	✓	Required Information/ Description of Required Action
Provide Information About Financial Alternatives (cont.)		SSI and Medicaid <i>Reference:</i> For more information, see HECM Protocol 5.F.4.a.
		Medicare (QMB/SLMB, Part D, etc.) <i>Reference:</i> For more information, see HECM Protocol 5.F.4.a.
		Other housing options (congregate housing, assisted living, etc.) <i>Reference:</i> For more information, see HECM Protocol 5.F.1.
Provide Information on Reverse Mortgage Refinance		Refinance for a lower interest rate
		Refinance to take advantage of home value appreciation and access to a greater amount of equity. <i>Reference:</i> For more information regarding refinancing, see HECM Protocol.7.B.7.

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1. HECM Counselor Checklist, Continued

PROTCL 3.1.b Conducting the Counseling Session (continued)

Topic for Discussion/ Required Action	✓	Required Information/ Description of Required Action
Provide Information on HECM for Purchase		<p>Discuss the required topics found in HECM Protocol 5.B.9 that are unique to a HECM for purchase.</p> <p><i>Note:</i> A client should only be counseled on HECM if this is an option that he/she is considering.</p>
		<p>Advise clients on the closing requirements of a HECM for Purchase found in HECM Protocol 5.B.9.</p>
		<p>Caution clients regarding the fact that the decision is their own to pursue a HECM for Purchase and they should not be rushed into a decision. Some properties will require substantial repair to be eligible for a HECM loan.</p> <p><i>Note:</i> If fraud is suspected, report it to the local HUD Homeownership Center or to the Office of Inspector General as discussed in HECM Protocol 7.B.13.</p> <p><i>Reference:</i> If counseling client interested in purchasing a residence with a HECM, refer to Mortgagee Letter 2009-11, which can be accessed on HUD's website at http://www.hud.gov/hudclips/.</p>

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1. HECM Counselor Checklist, Continued

PROTCL 3.1.b Conducting the Counseling Session (continued)

Topic for Discussion/ Required Action	✓	Required Information/ Description of Required Action
Discuss Purchasing an Annuity with a Reverse Mortgage		<ul style="list-style-type: none"> • Determine if client is considering using loan proceeds to purchase an annuity • inform client that there are ways to obtain an annuity without using HECM proceeds • discuss costs and implications of purchasing an annuity with the proceeds from a reverse mortgage • explain that in some cases fixed monthly annuity advances that continue for life may be smaller than fixed monthly loan advances from a reverse mortgage for as long as the client lives in his/her home. <p><i>Note:</i> If client still expresses an interest in purchasing an annuity with loan proceeds, give client a copy of <i>Using a Reverse Mortgage to Buy an Annuity</i>, found in HECM Protocol 7.C.9.</p> <p><i>Reference:</i> For more information, see HECM Protocol 5.B.10.</p>
Review Client Understanding of Session Contents		<ul style="list-style-type: none"> • Review topics of the session, and • ask the client open-ended questions to ensure that the client understands the information and is able to make an informed decision. <p><i>Note:</i> The questions should be asked throughout the counseling session and not all at one time at the end of the session.</p> <p><i>Reference:</i> For more information, see HECM Protocol 7.B.10.</p>
Address Client Concerns and Questions		<p>Answer client questions and address any concerns.</p> <p><i>Reference:</i> For a list of frequently asked questions from clients, see HECM Protocol 7.C.10.</p>

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1. HECM Counselor Checklist, Continued

PROTCL 3.1.b Conducting the Counseling Session (continued)

Topic for Discussion/ Required Action	✓	Required Information/ Description of Required Action
Provide Additional Handouts and Resources		<p>Provide additional handouts and resource guidelines as listed in HECM Protocol 7.B.</p> <p><i>Note:</i> HUD requires the client to receive the handouts prior to the counseling session, except in an emergency. If the session was performed as emergency counseling, the counselor must provide the materials at the session or immediately after the session is completed.</p>
Issue the Counseling Certificate		<p>Fax Counseling Certificate</p> <ul style="list-style-type: none"> • to the client, and • directly to the lender with the client’s verbal or written consent. <p><i>Reference:</i> For guidelines for issuing the Counseling Certificate and lender communications, see HECM Protocol 7.A.1.</p>
Discuss Next Steps		<ul style="list-style-type: none"> • Discuss next steps • provide referrals - provide clients with information about approved HECM lenders, as listed on HUD’s website at http://www.hud.gov/ll/code/llslcrit.cfm, and • provide resources - provide clients with additional information or resources that may help clients decide whether to pursue a reverse mortgage or other alternatives. (<i>Note:</i> A list of these resources is in HECM Protocol 7.C.

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1. HECM Counselor Checklist, Continued

PROTCL 3.1.c The counselor must complete the client file at the end of the session.
Completing the Client File *Reference:* For more information, see [HECM Protocol 6.1](#).

Topic for Discussion/ Required Action	✓	Required Information/ Description of Required Action
Complete Client File		Complete client file with all required items as listed in HECM Protocol 7.A.3 .
		Ensure paper and electronic files are <ul style="list-style-type: none"> • stored securely, and • only accessible to authorized individuals

PROTCL 3.1.d A qualified housing counselor must conduct client follow-up.
Client Follow Up *Note:* Hiring a third-party agency to conduct follow-up services is prohibited.
Reference: For more information on required client follow up, see [HECM Protocol 6.2](#).

Topic for Discussion/ Required Action	✓	Required Information/ Description of Required Action
Client Follow Up		Verbal follow up - 60 days after the counseling session (in person or telephone) <ul style="list-style-type: none"> • Review information discussed during the counseling session and the materials provided to the client, and • emphasize that client may call at any time with questions or concerns.
		Follow up letter or an e-mail (if unsuccessful at verbal follow up) <p>Request that client contact the housing counseling agency no later than 30 days from the date sent, to help the agency assess if</p> <ul style="list-style-type: none"> • additional client services are necessary to assist the client in achieving his/her housing goals, or • the agency should terminate counseling services.

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1. HECM Counselor Checklist, Continued

PROTCL 3.1.d Client Follow Up (continued)

Topic for Discussion/ Required Action	✓	Required Information/ Description of Required Action
Client Follow Up (cont.)		Follow-up to Emergency Counseling, if applicable When counselor performs emergency counseling and the client receives the information packet during or after the counseling session, wait 24 to 48 hours to contact the client so that the client has time to review the materials and consider his/her options. Emphasize that the client may call at any time with additional questions or concerns.
		Close-out or Outcome letter <i>Reference:</i> For more information, see HECM Protocol 6.2 .
