

## Reverse Mortgage Counseling Checklist

Getting a reverse mortgage is a complicated and involved process. This checklist helps you prepare for your counseling session by providing lists and information about:

- Which information to gather before the counseling session
- Comparing offers from different lenders and/or different products
- Questions to ask your counselor.

### Quick tip:

Ready to get a reverse mortgage?  
[Get a mortgage quote](#) from a Bills.com mortgage provider.

### ***This Guide contains the following sections:***

Section I: Personal Finances – Know Your Situation

Section II: Documents from the Lender

Section III: Comparing Loan Offers

Table 1: Comparing the same type of reverse mortgage loan from different lenders

Table 2: Comparing the same type of reverse mortgage loan from different lenders

Section IV: Questions for your Reverse Mortgage Counselor

### ***Important Reverse Mortgage Facts:***

1. Almost all reverse mortgages today are HUD backed Housing Equity Conversion Mortgages (HECM). HUD requires that every borrower attends a reverse mortgage session and receives a reverse mortgage certificate, before making a full application.
2. A reverse mortgage counseling session costs about \$125, although there are discounts for borrowers with hardship cases. There are different organizations that offer counseling. Make sure that they are on an approved HUD list.
3. Counselors are informers, not financial planners. Once you complete a counseling session, you will receive a Certificate, which allows you to make a full application. By fully preparing yourself before looking for a reverse mortgage, you will get the most out of your counseling session.



Bills.com appreciates your feedback. Post your comments and suggestions on

<http://www.bills.com/reverse-mortgage-counseling>

### ***Additional information @ Bills.com:***

- [What is a reverse mortgage](#)
- [How does a reverse mortgage work](#)
- [HECM – the basics](#)
- [Reverse Mortgages: Move with caution](#)

# Section I: Personal Finances – Know Your Situation

## Prepare your finances:

- Prepare your monthly budget
- Prepare your future cash flow needs. Compare your:
  - Projected Monthly Income: \_\_\_\_\_
  - Projected Monthly Expenses: \_\_\_\_\_
- Do you need to:
  - Supplement your monthly income, and if so when? \_\_\_\_\_
  - Pay for one-time expenses, and if so when? \_\_\_\_\_
  - Both of the above



**Caution:** Prepare your budget and retirement finances, including a look at your assets and cash flow. Your home is an important asset and you will always have housing costs. Make sure you use your home's equity wisely. Make sure that if you take a reverse mortgage that you will have enough funds to continue to pay for your property tax, homeowners insurance and maintain your home.

## Financial and Personal Goals:

Define the reasons that you want to take a reverse mortgage. A reverse mortgage can help you stay in your home and provide either a monthly draw, a lump sum, a line of credit (you draw funds when you need them) or a combination of those methods. Here are some of the questions you should be asking yourself:

- Do you want to stay in your home? For how long? \_\_\_\_\_
- Do you need additional monthly income? \_\_\_\_\_
- Do you need money to pay off old debts? \_\_\_\_\_
- Do you want a lump sum to improve your home? \_\_\_\_\_
- How important is it for you to leave equity to your children? \_\_\_\_\_

# Section II: Documents from the Lender

You should have received a mortgage quote (or more than one) and have the following documents:

- Loan Comparison Page:** This should include an estimate of the amount of loan available under different programs, and summarize interest rates and how adjustable rates work (for example margins and ceilings).
- Total Annual Loan costs:** This should explain how much you would owe, how much fees you pay, and how much equity you will have, based on varying assumptions of house appreciation.
- Amortization Schedules:** A year-by-year summary of how much interest accrued, how much line of credit you have available, and net equity (based on different projections of property value).

## Section III: Comparing Loan Offers

Make sure that every lender provides you with the correct documentation (listed above). You can then make a handy comparison table.

**Table 1: Comparing the same type of reverse mortgage loan from different lenders**

(This table is good if you are choosing to compare one method of taking the reverse mortgage (lump sum, monthly draw, or line of credit)

	Lender A:	Lender B:	Lender C:
<b>Name of Lender and contact information</b>			
<b>Type of Loan</b>	Fixed / Monthly /Line of Credit **	Fixed / Monthly /Line of Credit **	Fixed / Monthly /Line of Credit **
<b>Amount of Loan Or Monthly Draw</b>			
<b>Interest Rate *</b>			
<b>Annual Mortgage Insurance Premium (MIP)</b>			
<b>Fees: Total</b>			
<b>Origination Fee</b>			
<b>Up-front MIP</b>			
<b>Service Fee</b>			
<b>3<sup>rd</sup> Party Fees</b> (Make sure you get a list and find out which ones you can shop around for).			
<b>* If the interest rate is variable, then:</b>			
<b>Beginning Rate</b>			
<b>Index</b>			
<b>Margin</b>			
<b>Annual Caps</b>			
<b>Lifetime ceiling</b>			

\*\* If you choose a line of credit then the amount you owe or are allowed to take in the future will change based on the amounts you draw. Make sure the lender explains how this will work based on different interest rate possibilities. Also, make sure that you don't overestimate housing appreciation.

Make a note of any other special terms the lender offers or mentions:

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## Section III: Comparing Loan Offers (cont.)

Make sure that every lender provides you with the correct documentation (listed above). You can then make a handy comparison table.

**Table 2: Comparing the same type of reverse mortgage loan from one lender**

(This table is good if you are choosing to compare different methods of taking the reverse mortgage (lump sum, monthly draw, or line of credit). Make a table for each lender.

Name of Lender and contact information			
<b>Type of Loan</b>	Fixed / Monthly /Line of Credit **	Fixed / Monthly /Line of Credit **	Fixed / Monthly /Line of Credit **
<b>Amount of Loan Or Monthly Draw</b>			
<b>Interest Rate *</b>			
<b>Annual Mortgage Insurance Premium (MIP)</b>			
<b>Fees: Total</b>			
<b>Origination Fee</b>			
<b>Up-front MIP</b>			
<b>Service Fee</b>			
<b>3<sup>rd</sup> Party Fees</b> (Make sure you get a list and find out which ones you can shop around for).			
<b>* If the interest rate is variable, then:</b>			
<b>Beginning Rate</b>			
<b>Index</b>			
<b>Margin</b>			
<b>Annual Caps</b>			
<b>Lifetime ceiling</b>			

\*\* If you choose a line of credit then the amount you owe or are allowed to take in the future will change based on the amounts you draw. Make sure the lender explains how this will work based on different interest rate possibilities. Also, make sure that you don't overestimate housing appreciation.

Make a note of any other special terms the lender offers or mentions:

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## Section IV: Questions for your Reverse Mortgage Counselor

Once you have your offers and documents, then you can get a reverse mortgage counseling session. Remember to make a list of all of your questions. The counselor will not give you legal or financial advice, but should be able to help you understand:

- How the reverse mortgage fits into your financial plan
- How the reverse mortgage works, including payment options and costs
- How the reverse mortgage can affect your spouse and your heirs.
- How the reverse mortgage can affect government aid, such as Medicare.
- Help you find solutions for heating and resources to meet your needs

Here is a sample list of questions. First read up and get the information on Bills.com reverse mortgage section. Then you can be better prepared to understand the counselor's answers. Remember, the better prepared you are, the more you will get out of the counseling session.

Check if You need to ask	Question	Response
<input type="checkbox"/>	Does my financial plan work? What can I do if I have trouble paying my monthly bills?	
<input type="checkbox"/>	Explain how much I will owe at different times of my life? (Example: When I am 75 years old.)	
<input type="checkbox"/>	Should I keep my spouse off the loan?	
<input type="checkbox"/>	Will my children have to pay back the loan?	
<input type="checkbox"/>	I get government assistance. (Explain clearly the type and bring documents to show the counselor). Will the reverse mortgage affect my benefits?	
<input type="checkbox"/>	Are there other government or public programs that can help me stay in my house and avoid taking a reverse mortgage?	