



HECM Protocol Training

Office of Housing Counseling
Federal Housing Administration



Where to find the HECM Counseling Protocol?

HUD Handbook 7610.1 REV-5

Appendix 4

found on **HUDCLIPS** at

http://www.hud.gov/offices/adm/handbks_forms/index.cfm

Effective Sept. 11, 2010

Agenda for Training



- Objectives of Reverse Mortgage Counseling
- Overview of Protocol Attachments
- Changes to Counseling Requirements

Overview of Protocol



I. Objectives of Reverse Mortgage Counseling

– Protocol required by HERA 2008

– Overview of Contents

- Educate clients
- Cover required topics

II. Counselor Roles and Responsibilities



Role -

1. To educate client about features and appropriateness of RM for him/her
2. Provide on-going support throughout the process

II. Counselor Roles and Responsibilities



Responsibilities

1. Follow the Protocol (Counselors certify on HECM Roster application to comply with the Protocol and to meet or exceed HUD's requirements)
2. Create a budget based on client's information using the Financial Interview Tool
3. Remain objective – no conflicts of interest
4. Detection/Prevention of Fraud and Elder Abuse
5. Sensitive to client's circumstances



II. Counselor Roles and Responsibilities

Responsibilities continued –

6. Issue HECM Certificate

7. Review client's level of understanding

- Appendix B.10 – Review Tool

8. Follow Up with Clients



III. The Counseling Session

- Information on the Counseling Process
 - Paying for counseling
 - Client referral process
 - Face-to-face counseling
 - Telephone counseling
 - Emergency counseling
 - Issuing HECM certificate



III. The Counseling Session

Steps in the Counseling Process

Step 1: Intake

Step 2: Counseling protocol

Step 3: Client File Completion

Step 4: Follow-up



III. The Counseling Session

Steps in the Counseling Process

Step 1: Client Intake

- Client Information
- Disclosures
- Counseling Process
Overview
- Review receipt of
information packet



III. The Counseling Session

Required Handouts for Clients

- HUD's "Preparing for Your Counseling Session"
- NCOA's Booklet "Use Your Home to Stay at Home – A Guide for Homeowners Who Need Help Now" www.ncoa.org/rm
- Loan printout showing TALC
- Loan printout amortization schedule
- Loan comparison printout



III. The Counseling Session

Steps in the Counseling Process

Step 2: Counseling Protocol

- Confirm Client data
- Client Concerns & Interest in Reverse Mortgages
- Client Needs/ Circumstances
- Client Eligibility
- Introduction to Features
- Loan Costs & Obligations
- Alternatives & Supplements
- Refinancing/Annuities
- Client Review of Understanding
- Questions & Concerns
- Issue/Withhold the Certificate
- Next Steps



III. The Counseling Session

Client Review of Understanding

- Assess client's understanding of RM features and alternatives
- Assess client's understanding of obligations and risks
- Assess client's ability to apply information to their unique situation
- 10 questions
- 5 must be answered correctly by client
- If not, counselor must withhold certificate
- Client can reschedule another session, bring family or trusted advisors if appropriate



III. The Counseling Session

Steps in the Counseling Process

Step 3: Completing the Client File

- Counselors must maintain a separate file for each client
- List of required contents provided in Attachment A.3



III. The Counseling Session

Steps in the Counseling Process

Step 4: Perform Follow-up

- Counselors must perform follow-up within 60 days
- Includes follow-up phone call/letter, outcome/close-out letter

IV. Client Needs and Circumstances



Counselors must discuss -

- Effect of property value on available equity
- Effect of client's age, eligibility and access to equity
- Effect of income on reverse mortgage
- Effect of time in home on costs and obligations
- Using HECM to purchase less costly home

IV. Client Needs and Circumstances



Counselors must discuss continued -

- Effect of payment plan options on financial obligations
- Paying off existing mortgage and liens
- Recurring and Future Expenses
- Public benefits availability
- Effects of HECM on heirs and estate
- Client scenarios and loan comparisons

V. Features of a Reverse Mortgage



Eligibility

Loan Features

Loan Costs

After Closing

VI. Financial Alternatives and Supplements



Counselors are expected to review housing and financial alternatives reverse mortgages with clients

Housing alternatives

- Selling and Moving
 - retirement communities
 - home-sharing
 - renting – subsidized and non-subsidized

VI. Financial Alternatives and Supplements



Financial Options

- Home equity loans
- IRAs
- Refinance existing forward mortgage

VI. Financial Alternatives and Supplements



Services provided for seniors

- Senior centers
- Nutrition services
- Community programs
- Transportation

VI. Financial Alternatives and Supplements



Public benefits

- SSI
- Medicaid
- Medicare prescription drug program
- Local tax deferral or exemption programs
- The Aging Network
- State Units on Aging
- Area Agencies on Aging

VII. Reverse Mortgage Counseling Tools



Product Print-Outs/Software

Counselors discuss loan printouts and
amortization schedules from lenders

Counselors can generate on IBIS RMA

Counselors cannot steer clients

Attachment A: HUD Counseling Policies



- HUD's Counseling Certificate
- Paying for Counseling
- Client File Contents
- Participants in Counseling Session
- Client Privacy
- Elder Abuse
- Lender Steering
- Lender Communications
- Lender Activities

Attachment B: Resources for Counselors



- Required Handouts for Clients
- Additional Handouts for Clients
- Sample: Appointment Confirmation Letter
- Sample: Follow-up Letter
- Reverse Mortgage Resources
- Understanding TALC
- Refinancing a HECM
- Annuities
- RM Alternatives
- Reviewing the Client's Level of Understanding
- RM Online Comparison Tool
- Financial Interview Tool and BenefitsCheckUp
- Reporting Fraud, Abuse, Coercion or other Questionable Practices

Attachment C: Resources for Clients



- Important Information about RM Counselors
- RM Eligibility Requirements
- HECM Features
- Steps in the RM Lending Process
- RM Warnings for Consumers
- Questions to Ask Your Lender
- RM Borrower Obligations and Checklist
- Using a RM to Buy and Annuity
- RM Counseling Frequently Asked Questions
- How You Can Access Your Home's Equity: Payment Options
- Preparing for Your Counseling Session
- Sample Amendatory Clause and Real Estate Certificate

HECM Counseling Protocol



Questions?