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## **Nonprofit Reverse Mortgage Counseling Can Improve Seniors' Financial Well-Being**

Reputable reverse mortgage counseling helps seniors make informed decisions.

When older consumers want to remain in their homes but need money to afford daily expenses, a federally insured reverse mortgage or Home Equity Conversion Mortgage (“HECM”) may be an excellent financial tool. These loans make it possible for adults age 62 and older to access a portion of their home equity. Thanks to recent changes led by HUD, they are now safer and less expensive than before. However, HECMs aren’t for everyone. They are complex loans that may involve some risk. Guidewell Financial Solutions Housing Director Tom Simonton says, “That’s why mandatory reverse mortgage counseling by a HUD-certified counselor is so important. It helps borrowers evaluate if HECMs are a good fit for them and avoid being misled.”

How does nonprofit counseling help? Simonton says, “The counseling agency is a neutral party with no vested interest in the closing of the loan. Our role is to review the clients’ financial picture and help them look at all the available options. We also help them assess the impact and implications the reverse mortgage will have. Our goal is to help seniors understand the loan product, so they can decide if it will work for them over the long term.”

### **▪ HECM Loan Responsibilities**

Reverse mortgages allow older homeowners to tap into their home equity to create an income stream or cover large expenses. This can be very helpful when they need additional income for retirement or to transition into a different home. However, homeowners who lock into these loans also assume responsibilities. They agree to remain living in the home as their primary residence. They also are required to cover property taxes, homeowners insurance, and pay for maintenance throughout the lifetime of the loan.

Simonton says, “Reputable counseling helps older adults consider if staying in the home will

make sense over the long haul. Will they have the health and financial resources to meet their obligations? It also helps them evaluate the financial implications of various loan products. The side-by-side loan comparison estimates they receive give them a tangible understanding of the costs that will be involved in taking out and managing these loans under a series of different scenarios.”

- **Making an Informed Choice**

Seniors who hope to take out a reverse mortgage benefit from consulting a HUD-approved counselor *before* they approach lenders. That’s the only way to determine if a HECM is really in their best interest. It also pays to do some homework before choosing a reverse mortgage counselor, because not all counseling programs are alike.

Simonton cautions, “Avoid counselors who are recommended by lenders. HUD prohibits agencies who are part of its approved counseling network from taking referrals from loan providers, because this helps ensure they’ll provide objective advice. Lenders are likewise **required** to provide a list of counseling agencies to their clients. They can’t simply steer to a specific agency or counselor.

Also choose an agency that will invest the time to provide clear, comprehensive information – not just a certificate. Simonton says, “A truly well-planned counseling session is likely to run at least two hours in length. This may seem like a lot of time, but it’s nothing compared with the amount of time, worry, and expense clients ultimately spend if they make a poor decision.”

When it’s time to choose a lender, Simonton recommends older homeowners shop around and carefully weigh all options. “Beware of ads that leave out crucial information and lenders or family members who may want to rush you through the loan process. This is a decision that will affect you for the rest of your life.”

Guidewell Financial Solutions provides reverse mortgage counseling at its offices and by phone. To learn more about the agency’s reverse mortgage counseling program or to schedule an appointment, visit its website at [www.guidewellfs.org](http://www.guidewellfs.org) or call **1-866-731-8486**. Guidewell Financial recently received HUD funding that makes it possible to provide free reverse mortgage counseling sessions. This opportunity is open on a first come, first served basis and will be available as long as funding lasts.

*Guidewell Financial Solutions (a.k.a. Consumer Credit Counseling Service of Maryland and Delaware, Inc.) is an accredited 501(c)(3) nonprofit agency that helps stabilize communities by creating hope and promoting economic self-sufficiency to individuals and families through financial education and counseling. Maryland License #14-01 / Delaware License #07-01*