

## **Housing Counseling Frequently Asked Questions – HECM Counseling**

### **Q. Is a HECM counselor obligated to review a client's unique financial situation during a HECM counseling session?**

A. Yes. HECM counselors may not simply present information about reverse mortgages to a client. They must also conduct a budget analysis to determine the unique financial situation of the client and tailor the options presented in the counseling session to that situation.

### **Q. Can a HECM counselor fax a client's counseling certificate to a lender if the counseling session was conducted over the phone and has been signed only by the counselor, not the client?**

A. Yes. If the counseling session is conducted over the phone, a counselor may fax a copy of the certificate, signed by the counselor only, to the lender as an acknowledgement that the counseling has been completed. However, to be insured by HUD, the lender must have an original, signed copy of a certificate signed by both the client and the counselor, or, in the case of telephone counseling, separate certificates signed by the client and counselor.

### **Q. Will HUD insure a loan if the lender has a faxed, rather than original, copy of the counseling certificate?**

A. No. If a lender has a faxed copy of a counseling certificate bearing the signature of the borrower and counselor, or, in the case of phone counseling, a copy of two different certificates, one signed by the borrower and one by the counselor, then the lender may begin to process the loan application by obtaining a case number, ordering the appraisal and title work, etc. However, for insuring purposes, the lender must have in their possession an original certificate bearing the wet signatures of both the counselor and borrower, or, in the case of telephone counseling, separate certificates with the wet signatures of the client and counselor, so they can submit certified true copies in the case binder. (See Submission of Case Binder Documents Section of ML 2004-39 for more information). (<http://www.hud.gov/offices/adm/hudclips/letters/mortgagee/04-39ml.doc>)

### **Q. Can the borrower be assessed fees before the lender has the original counseling certificate (with wet signatures)?**

A. Yes. The borrower may be assessed fees once the lender has a copy (faxed or otherwise) of the certificate signed by the both the borrower and the counselor, or, in the case of telephone counseling, copies of separate certificates with the signatures of the client and counselor.

### **Q. Can a borrower's wet signature on the counseling certificate be obtained at closing?**

A. No. A borrower cannot sign the certificate at closing. If the borrower is found to have done so during a Post Technical Review, the lender could be required to refund all fees paid prior to obtaining the borrower's signature.

**Q. Can a lender ask a borrower to sign a blank counseling certificate prior to receiving counseling, so that they can have that signature on file and begin processing the loan application more quickly?**

A. No. A HECM borrower cannot sign the counseling certificate until he or she has received HECM counseling.

**Q. Is it all right for a HECM counselor to ask a reverse mortgage client if he or she wants a copy of the counseling certificate faxed to a third party?**

A. Yes. A counselor can inform a client that a copy of their counseling certificate can be faxed to a third party. However, the counselor cannot steer or appear to steer the client toward faxing a copy of the certificate to any particular lender.

**Q. Can a housing counseling agency that provides counseling services to prospective HECM borrowers also originate HECM loans?**

A. No. Section 255 (f) of the National Housing Act requires that the counseling associated with a HECM loan be provided by a party other than the lender responsible for originating that loan. A housing counseling agency may not both originate HECM loans and offer HECM counseling services.

**Q. Can a HECM counselor contact a lender for a copy of a client's lender illustrations?**

A. No. Mortgagee Letter 2004-25 (<http://www.hud.gov/offices/adm/hudclips/letters/mortgagee/04-25ml.doc>) prohibits housing counseling agencies from promoting, representing, recommending or speaking for any specific lender. Contacting a lender for illustrations violates this prohibition. If a client wishes to review a particular lender's illustrations with a counselor, he or she must contact the lender and request the illustrations.

**Q. Can a lender provide the name and toll free number for a housing counseling agency not based in the client's home state, but which provides phone counseling nationally?**

A. No. HUD requires the provision of 5 counseling agencies within the client's state, with one of those agencies being within reasonable driving distance. In addition, the lender is required to provide the telephone numbers for the 3 national networks approved by HUD to provide telephone counseling nationally: AARP, NFCC, and MMI. These requirements, and the use of these networks, are designed to prevent steering. The inclusion of an additional out-of-state phone counseling entity creates the appearance of steering. Counselors from this entity can provide telephone counseling nationally for clients referred through one of the three national networks listed above, but may not be included on the list of counseling agencies provided by the lender.

**Who can I contact if I have complaints regarding a HECM lender or HECM counselor?**

If a consumer, lender, counselor, or representative from the housing industry has a concern or complaint about the services provided by a particular HECM lender or HECM counselor; they should immediately contact the homeownership center in their

jurisdiction. To find HOC locations and phone numbers go to:  
[http://www.hud.gov/offices/hsg/sfh/hoc/hsg\\_hocs.cfm](http://www.hud.gov/offices/hsg/sfh/hoc/hsg_hocs.cfm)