

COUNSELING GUIDELINES FOR HECM BORROWERS
WITH DELINQUENT PROPERTY CHARGES

1. Purpose

To assist HECM borrowers (borrowers) who are delinquent on

- real estate taxes,
- property insurance, or
- other property charges or special assessments such as condominium fees, homeowners association dues, etc.

1.a Counselor's Responsibility

Counselors will assist borrowers to

- resolve the delinquency, if possible,
- determine options for additional financial assistance,
- explore other housing options, or
- identify resources to provide transitional housing guidance and refer the borrower to a local Area Agency on Aging (AAA) for additional guidance and counseling to assist with the transition.

Counselors will also be responsible for analyzing the borrower's

- financial capacity
- budget
- ability to support repayment plan
- future property charges

Counselors will follow-up within 30 – 45 days to determine if the borrower has made progress on their action plan to bring the account current. If the borrower has not implemented their action plan, the counselor will:

- provide additional assistance to help the borrower bring their delinquency current, or
- refer the borrower to the local AAA for additional guidance and counseling.

1.b Outcome of Counseling

Upon completion of counseling, borrowers will

- understand the reverse mortgage foreclosure process, and the consequences of not resolving their delinquency
- have completed a full overview of their financial situation
- have worked with the counselor and servicer to negotiate a manageable repayment plan, if allowed; and

- understand the options available to resolve their delinquency and maintain their property charges going forward.

If the BenefitsCheckup analysis indicates the borrower may qualify for benefits, the counselor will

- assist the borrower in filling out all the appropriate benefit program application forms and sending the forms to the appropriate social service agencies;
- refer the borrower to a local AAA if they are unable to assist with filling out the benefit program application forms. Counselors will arrange a conference call between the HECM counselor, the borrower and the AAA to facilitate a “soft transfer.” With the borrower’s permission, the counselor will provide the client’s relevant information to the AAA.

If the borrower determines that he/she cannot afford to, is unwilling to bring the loan current or no longer wants to keep the home, the counselor will

- assist the borrower in transitioning out of their house to other suitable housing; or,
- refer the borrower to a local AAA, if they are unable to help the client transition out of their home. Counselors will arrange for a conference call with the client and AAA to facilitate a “soft transfer”. With the borrower’s permission, the counselor will provide the borrower’s relevant information.

1.c HECM Borrower Take-Aways

At the end of the counseling session the borrower will be given a written action plan including at a minimum:

- an outline of steps to achieve their goals;
- a manageable repayment plan approved by the servicer, if possible;
- budget analysis with recommendations on how to free up income to pay for property charges;
- BenefitsCheckUp print-out of benefits for which the borrower may qualify, and
- Contact information for the local AAA, and other state and local agencies found on the Eldercare Locator (www.eldercare.gov) and Eldercare Locator phone number 800-677-1116.

2. Counseling Triage

Every borrower will fall into one of the following three categories based on counseling session and completion of budget

- Tier 1 – Borrower will be able to cure their immediate delinquency and assure payment of property charge payments going forward, utilizing available resources, either with their own or family resources or those available through services, and servicer options
- Tier 2 – Borrower will be able to cure their immediate delinquency but not assure payment of property charges going forward. Additional assistance will be required to identify other resources, including referral to a local AAA for in-person help with

applying for benefits or other case management, or to transition to other housing options that are available through family, friends or local resources.

- Tier 3 – Borrower will not able to cure their immediate delinquency or assure payment of property charges going forward.. Transition cannot be resolved through counseling and referral resources that a borrower can pursue on their own. Borrower will require extensive support from other resources such as the aging network, legal aide, or other agencies that can provide on-going assistance in order to help the borrower transition to alternative housing. Counselor will refer borrower to a local AAA to assist with a safe transition out of the home.

3. Borrower Requests Counseling

3.a Initial Contact

Greeting

Overview of the counseling session

Refer to HUD talking points for guidance and wording.

Determine borrower's goal for counseling outcome

Find out:

Who else has borrower contacted regarding delinquent property charges letter from their servicer?

Does borrower have a copy of the letter with them or that can be sent to counselor?

Who is the borrower's servicer – who is their letter from?

Is the letter over 30 days old? If so, the counselor will initiate a 3-way call with the servicer to determine if it is still possible to work out a repayment plan.

Overview of HCA's relationship with servicer (review disclosure policies with borrower)

3.b Intake

Borrower(s) name(s) – full first, middle and last names. Check accuracy of spelling.

Address of property

Mailing address, if different than property address

Telephone number(s) – home, cell, work

Demographic information

Date of birth

SSN (to order credit report, if agency regularly does this)

Loan number

Status of all property taxes, amount past due, estimated annual property tax amount

Status of homeowner insurance, including estimated annual premium

(If borrower has letter from servicer, use the information in the letter)

Estimated home value

If client does not know, counselor can use a home valuation website such as www.zillow.com to get an estimate of the current home value.

Existing debt on home, reverse mortgage and other debt or liens

Names and relationship of any other persons who reside with borrower

Phone numbers for these people, if any

3.c Authorization for service

HCA's will use their current processes to obtain borrower's permission and authorization to make a referral. It is preferable to make the initial contact to a servicer with the borrower on the line or present. Phone calls to servicers or other local resources with the borrower on the line will provide immediate authorization in most cases. Counselor will have verbal authorization at this point and will document this in the case file. Explain to the borrower that you may need to continue conversations with the servicer or other resources.

If face to face counseling or depending on HCS's requirements, counselors will make arrangements for signed authorizations to be placed on file allowing counselors to talk with servicers and other local resources without having the borrower on the phone.

3.d Power of Attorney (POA) Considerations

Any POA must be durable and for financial matters.

If POA contacts counselor on behalf of the borrower, counselor will contact the servicer to determine if the POA is currently on file with the servicer.

If yes, counseling session can proceed

If no, counselor and servicer will work out best way for POA to get on file with the servicer and advise the POA.

4. Counseling Session

4.a. Counselor will explain the reverse mortgage foreclosure process and the consequences of not resolving the borrower's delinquent property charges.

4.b. Complete Budget Review and BCU

Review with borrower –

Income, expenses, unsecured and other debt, home repairs needed, medical issues/expenses, other property expenses, e.g. HOA dues, condo fees, assessments – NOTE: super lien states where property fees can take first position, any other large expenses

If there are additional household members, do they contribute to the household income or does the borrower support anyone?

Reduced employment or unemployment

Review borrower's assets – savings and checking accounts, bonds, annuities, IRAs, life insurance (cash value), CDs, other property/homes, stocks and any other financial assets

Address budget deficit or other financial challenges the borrower is or may be facing in the future

4.c. Advise borrower of other sources of income

- House mate match programs
- Local property tax assistance
- Options for homeowners insurance – FAIR plans, AARP, local options for seniors
- Debt management plan
- Other family members or friends provide financial assistance
- Bankruptcy as option to deal with unsecured debt, Legal Aide
- Other local resources such as AARP state fact sheets, www.pparx.org (prescriptions), www.angelfoodministries.com (for food), use www.nonprofitreferral.org for other local resources

Based on review and BenefitsCheckUp provide recommendations, referrals to other sources of assistance. Address budget issues, especially any shortage in the budget, future concerns about taxes and insurance going forward including any other property expenses.

5. Appears borrower can afford to remain in the home

Based on borrower's budget appears there is enough money to repay the servicer any advances and set aside money for future taxes and insurance payments and other property expenses

5.a. Counselor will work with borrower to determine

- if and when servicer was contacted,
- who borrower spoke with at servicer, and
- what was the result of the contact?

5.b. Counselor may want to contact the servicer with the borrower present or on a conference call to discuss possible servicing options the borrower has such as;

- repayment plan,
- refinancing, or,

- any other options servicer provides.

5.b.1 If repayment plan allowed,

- what is the minimum/maximum time for payoff?
- how will funds be remitted?
- what paperwork is required, and
- how should it be sent to the servicer?

5.b.2. Counselor will assist borrower with documentation required for servicer.

6. Appears Borrower will have to leave the home

6.a. Counselor will work with borrower and servicer to identify appropriate “exit” strategies including selling the home.

6.b. Counselor will assist borrower to explore local AAA for assistance

Borrower may need hands-on case manager to assist in transitioning to other housing. A case manager is a person at an AAA who has an ongoing relationship with a client. They meet regularly to address a client’s complete process that can take weeks or months. Case managers are trained in social services and working with seniors and provide in-depth assistance such as, in some situations, they actually go stand in line for clients to apply for services, do follow-up for services or take them for medical assistance among other things.

7. Additional Referrals

www.nonprofitreferral.org

www.seniorhousingnet.com/seniors

www.eldercare.gov

www.pparx.org

www.angelfoodministries.com

Legal Aid

Housing Mate Match programs

8. Post Counseling

8.a Counselor will have provided borrower with a written action plan, BenefitsCheckUp printout, summary of counseling session with advice, recommendations and referral resources.

8.b. If contact with servicer was established with borrower’s permission, counselor will advise servicer of the counseling session outcome and provide a copy of the borrower’s action plan.

8.c. Schedule follow-up appointment with borrower in 15 to 30 days to determine if borrower is working on the recommended tasks from the counseling session. Provide assistance to borrower with any paperwork the borrower may have to complete for the servicer.

9. Follow-Up

As needed, schedule additional follow up with client

Assist client in filing out all appropriate benefit program application forms and in submitting them to the appropriate social service agencies.

Assist client in scheduling appointments with local agencies for assistance – make call to Eldercare Locator with client on phone or in office to facilitate a “soft transfer.” With the client’s permission, the counselor will provide the client’s relevant information to the Eldercare Locator partner.

Contact borrower 30 days after counseling session, if no interim contact, to answer questions, provide additional services.