A FAMILY CHECKLIST FROM THE WOODBURN TEAM

Questions to Bring to HUD Reverse Mortgage Counseling

Every reverse mortgage (HECM) borrower meets with an independent HUD-approved counselor before applying. The counselor doesn't work for any lender. These questions help homeowners 62 and older, and the adult children or advisors helping them, get the most out of that session. Check each one off as it's answered.

STEP 1

Before the Session: Gather These

- [ ] Most recent property tax bill
- [ ] Homeowners insurance declarations page, plus flood insurance if the home has it
- [ ] HOA or condo statement, including any special assessment that has been approved or discussed
- [ ] Current mortgage statement, if there is still a loan on the home
- [ ] A simple monthly budget: income and regular expenses
- [ ] The names and ages of everyone on the title, including any spouse under 62
- [ ] A list of family members or advisors who will join, with the borrower's permission

STEP 2

Questions About the Loan

- [ ] How much could be available, and how much of it goes to paying off the existing mortgage and closing costs?
- [ ] Which payout fits the goal: a lump sum, monthly payments for life (tenure) or a set number of years (term), a line of credit, or a mix?
- [ ] How does the unused line of credit grow over time, and how much can be drawn in the first year?
- [ ] What would the loan balance look like in 5, 10 and 15 years? (Ask to walk through the projections in the loan disclosures.)

STEP 3

Questions About Costs

- [ ] What is each cost: origination fee, upfront and annual FHA mortgage insurance, interest rate, servicing fee and third-party closing costs?
- [ ] Which costs are financed into the loan, and which are paid out of pocket?
- [ ] Is there any penalty for paying the loan down or off early?

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STEP 4

Questions About Staying in the Home

- [ ] What exactly can make the loan come due: unpaid taxes, insurance or HOA dues, needed repairs, or being away from the home for more than 12 months in a row?
- [ ] How often must the borrower certify that the home is still the primary residence?
- [ ] Will a Life Expectancy Set-Aside (LESA) be required, or would choosing one help?
- [ ] What happens if Florida homeowners insurance goes up sharply at the next renewal?

STEP 5

Questions About a Spouse and Heirs

- [ ] If a spouse is under 62, how is that spouse named as an eligible non-borrowing spouse, and what does that protect?
- [ ] What happens when the last borrower passes away, and how long do heirs have to keep, sell or sign over the home?
- [ ] How does non-recourse work, including the option to keep the home for 95% of its appraised value?
- [ ] Does the estate plan (will, trust or Florida lady bird deed) need updating? Ask an estate planning attorney.

STEP 6

Questions About Alternatives

- [ ] Would a HELOC, a refinance, downsizing or a local assistance program meet the goal at a lower cost?
- [ ] Could the proceeds affect Medicaid or SSI eligibility? Ask a benefits advisor if either applies.

STEP 7

After the Session

- [ ] Keep the counseling certificate. It is required to apply.
- [ ] Ask every lender for its costs in writing and compare them line by line.
- [ ] Take time to decide. No reputable lender needs an answer the same day.

Find a HUD-approved counselor: call HUD at 800-569-4287 or search the counselor list at hud.gov.
Want to go over your numbers first? Call Bruce Woodburn and the Woodburn Team at 407-869-8830, and bring your family.