

HUD Counseling Questions

The U.S. Department of Housing and Development (HUD) counselor will confirm you have a general understanding of Home Equity Conversion Mortgage (HECM) Loans including your obligations by asking you a series of questions. The following are lists of questions from which the counselor must choose ten (10) to ask you:

General Questions About HECM Loans

- When you have a HECM loan, who owns your house (whose name is on the title/deed)?
- There are several “payment options” or ways to get money from a HECM loan. Which payment option do you think will best meet your needs?
- What other choices do you have (if applicable)?
- What happens if you change your mind later and want to change your payment plan?
- When you have a HECM loan, do you have to make a monthly payment to the bank?
- Does the money you get from a HECM loan ever have to be paid back?

Questions for Refinances

- If you refinance your current HECM loan, will you still have to pay mortgage insurance?
- How does this work?
- What are some of the additional costs you will incur with a refinance?

HECM for Purchase Loan Questions

- When you purchase a home with a HECM loan, will the loan be held on your existing home or your newly purchased home?
- How will the lender determine how much money you will need at closing?
- What sources of funds (money) are allowed when you purchase a home with a HECM loan?
- Why is it important to get a home inspection?
- When you are working with a real estate professional, what are some of the questions you should ask them?

Questions to Determine if the Client Understands the Implications of a HECM Loan

- When does the HECM loan have to be paid back?
- What homeowner responsibilities will you continue to have after you get a HECM loan?
- What may happen if you do not keep up these responsibilities as a borrower?
- What happens if you use up all the money that is available from the HECM loan?
- Offer an example tailored to client’s circumstances, e.g.,:
 - What if you took all the money from the reverse mortgage loan in a lump sum and spent every bit of it?
 - What would happen to you?
 - Would you be able to go on living in your house?
- What happens if the amount you owe under a HECM loan gets to be greater than your home is worth at that time?
 - Would you have to move out of your house?
 - Would you have to take out another loan to pay the difference?
- If you get a HECM loan, how does that change the amount of money that you will have to leave to your children (or other heirs)?
 - Will your children or other heirs inherit more or less after you die, than they would have without the HECM?
- How does a HECM loan change the amount of money you would have left to take with you if you moved somewhere else like into a retirement community?
 - Will you have more or less left over to spend if you move somewhere else?

