

## Reverse Mortgage Danger Signals

Reverse mortgages, as useful as they are, can be misused as well. These are some, not all, of the danger signals that are possible with these loans. *The single biggest danger signal is someone pressuring you to take the loan or to make an immediate decision for any reason other than protecting your home from a foreclosure sale or other similar emergency.* There are other alternatives to reverse mortgages and they should be explored.

1. You are not getting counseling from a HUD (or state if required) approved housing counseling agency.
2. Counseling is perfunctory, extremely short, and/or you are not encouraged or given the chance to ask questions. Counseling is to help you understand the loan, if you do not, let the counselor know.
3. You are being steered to or directed to see a particular counselor or lender.
4. You are being discouraged from looking at or discussing all of the various loan products, even if they might not be useful in your case. It is one thing for you to know a loan or product is not useful to you; it is quite another for either the lender or the counselor to not give you all of the facts and let you decide.
5. You are being discouraged from talking with family, friends, or the counselor regarding the loan, the loan's terms, or what you intend to do with the money. While you may choose not to do so on your own, no one should discourage you from talking to anyone, particularly those closest to you, about the loan.
6. The lender is either not licensed or does not have a product approved by either HUD and/or your state. For the HUD lender list, go to: <http://www.hud.gov/ll/code/llslcrit.cfm>.
7. You are asked for any money upon applying for the loan or to pay for any fee outside of closing or that is not listed on the HUD1 form used by the closing attorney. Please note, you may have to pay for an appraisal.
8. You are told that providing any money, either up front or to be paid outside of closing, to any party will speed up processing of the reverse mortgage. (Fourteen days is the shortest known, sixty days is typical.)
9. You are offered a discount to sign by a certain date and/or are being pressured to accept. (While there are occasionally programs offered for a limited period of time by various lenders, you should proceed with caution. Check with the lender's home office to make sure it is a valid program and find out exactly when it ends. Occasionally, you can even get the offer extended for a short time.)
10. Insurance premiums and other loan costs are not explained clearly to you or to your satisfaction.
11. You have signed a contract or agreement with an estate planning service or firm that requires or claims to require, that you obtain a reverse mortgage to use their services. Avoid offers in which the service provider promises to invest the money from the reverse mortgage.
12. You are being pressured to use equity in your home to buy a financial product or something else with the proceeds that you do not necessarily need or may not want or that does not benefit you directly.
13. Taking a spouse's name off of the deed to make a reverse mortgage work. You and your spouse may want to do this, but you should be aware and made aware of the consequences of this decision.
14. Anyone (children, grandchildren, relatives, friends, etc.) is pressuring you to get a loan so that *they* can use either all or some of the money from the loan. Even if they promise to pay the money back, or even sign a promissory note, using a reverse mortgage to make such a loan may well deprive you of the means to help yourself. You must be sure of your own security first and foremost.

Please note, you may always contact a counselor at any time to discuss any or all of these issues privately. The counselor is not there to make judgments for you or to pass judgments upon what you intend to do, the counselor is there to give you the information you need to make an informed decision on what you want to do. Ultimately the final choice, like the responsibility, is yours and yours alone.