COMMENTS to the Consumer Financial Protection Bureau
on Notice and Request for Information
Regarding Consumer Use of Reverse Mortgages

77 FR 39222 (July 2, 2012)

Docket No. CFPB-2012-0026

By the National Consumer Law Center
On behalf of its low-income clients

August 31, 2012

Table of Contents

COMMENTS to the Consumer Financial Protection Bureau on Notice and Request for Information Regarding Consumer Use of Reverse Mortgages

77 FR 39222 (July 2, 2012)

Docket No. CFPB-2012-0026

By the
National Consumer Law Center
On behalf of its low-income clients

August 31, 2012

The National Consumer Law Center[1](NCLC) respectfully submits the following comments on behalf of its low income clients in response to the notice and request for information regarding consumers' use of reverse mortgages by the Consumer Financial Protection Bureau. In this comment we address the risks posed by the marketing and sale of complex reverse mortgages to cash-strapped, debt-laden older adults, and provide feedback from a survey of consumers' use of reverse mortgages. The survey was sent to elder advocates, reverse mortgage counselors, attorneys, consumers and others across the United States. We urge the CFPB, in partnership with HUD, to take action to impose greater substantive protections to limit the abuses associated with these mortgages.

I. Changes in the reverse mortgage market are putting cash-strapped, debt-burdened older homeowners at risk for depleting all their equity early in retirement.

Dynamic changes in the reverse mortgage market are putting older consumers at risk. In the last few years, the range of options offered to consumers has become more complex and long-term costs have increased. Borrowers are too often being steered to options that offer little benefit to

[1] The **National Consumer Law Center, Inc. (NCLC)** is a non-profit Massachusetts Corporation, founded in 1969, specializing in low-income consumer issues, with an emphasis on consumer credit. On a daily basis, NCLC provides legal and technical consulting and assistance on consumer law issues to legal services, government, and private attorneys representing low-income consumers across the country. NCLC publishes a series of nineteen practice treatises and annual supplements on consumer credit laws and unfair and deceptive practices. NCLC also publishes bimonthly newsletters on a range of topics related to consumer credit issues and low-income consumers. NCLC attorneys have written and advocated extensively on all aspects of consumer law affecting elders and low-income people, conducted trainings for tens of thousands of legal services and private attorneys on the law as applied to consumer problems facing elders, including debt collection, the electronic delivery of government benefits, predatory lending, and reverse mortgages, and provided extensive oral and written testimony to numerous Congressional committees on these topics. NCLC attorneys regularly testify in Congress and provide comprehensive comments to the federal agencies on the regulations under consumer laws that affect elders. These comments were written by NCLC attorneys Odette Williamson and Margot Saunders. Comments that we submitted to the CFPB's Office of Older Americans on August 20, 2012 repeat much of the substance of these comments.

them, but provide excess profit for brokers and lenders. This new trend increasingly results in younger borrowers cashing out all the available equity in their homes in the early years of their retirement. As home equity is the largest asset for most older homeowners,[2] these abusive lending practices jeopardizes their future financial security.

A reverse mortgage is a loan secured by the home that does not require repayment until the borrower dies, moves out of the home permanently, or sells the home. The borrower is responsible for general maintenance and upkeep on the property, and for paying property taxes and homeowners insurance. The amount the borrower will receive depends on the value of the home, current interest rates, and the age of the borrower.[3] Almost all of the reverse mortgage loans offered today are insured by the Federal Housing Administration as part of the Home Equity Conversion Mortgage (HECM) program.

While reverse mortgages can provide a real benefit to older consumers, changes in the marketplace, the aggressive marketing of unsuitable loan options to cash-strapped, debt-laden consumers, and gaps in regulatory oversight put homeowners at risk. Some of the patterns emerging in the reverse mortgage market are reminiscent of problems that plagued the forward mortgage market in the run-up to the subprime boom.[4] While the current volume of reverse mortgages is low by historical standards, lenders are aggressively increasing staffing to drive growth and capture market share.[5] The nonbank originators that dominate the market anticipate capturing a larger share of homeowners' equity as the first wave of baby boomers become eligible for reverse mortgages.

Given the ongoing changes in the reverse mortgage industry, and the growth of the elder population, the time is ripe for the Bureau to examine practices surrounding the marketing and sale of reverse mortgages. The Bureau's recent report to Congress on reverse mortgages highlighted many salient issues. Building on the Bureau's excellent report, in these comments, we will focus on:

- The challenges consumers face in the use of reverse mortgages as outlined by advocates in response to NCLC's national survey.

- The aggressive sale of fixed-rate, lump-sum reverse mortgages to consumers who may not need or benefit from this option.

- The need to protect consumers from the long-term risks of reverse mortgages, including those associated with defaulting on property charges and removing younger spouses from the mortgage and deed.

To protect consumers from some of the long-term risks associated with reverse mortgages, NCLC Recommends that the CFPB:

---

[2] See Lori Trawinski, *Nightmare on Main Street: Older Americans and the Mortgage Market Crisis*, AARP Public Policy Institute, July 2012.
[3] The borrower must be at least 62 years old.
[4] See National Consumer Law Center, *Subprime Revisited: How Reverse Mortgage Lenders Put Older Homeowners' Equity at Risk*, at 7-9 (October 2009).
[5] Elizabeth Ecker, *Urban, Genworth and Cherry Creek Now Hiring Reverse Mortgage Professionals*, Reverse Mortgage Daily (August 6, 2012); Elizabeth Ecker, *Security One Hires 130 MetLife Reverse Mortgage Los, Doubles Sales Team*, Reverse Mortgage Daily (July 24, 2012).

- Require lenders to assess the borrower's capacity to pay ongoing charges for taxes and insurance and provide a longer period to repay taxes and insurance advanced by the lender.

- Adopt a rule which prevents younger spouses from being evicted from the property upon the death of the mortgagor spouse.

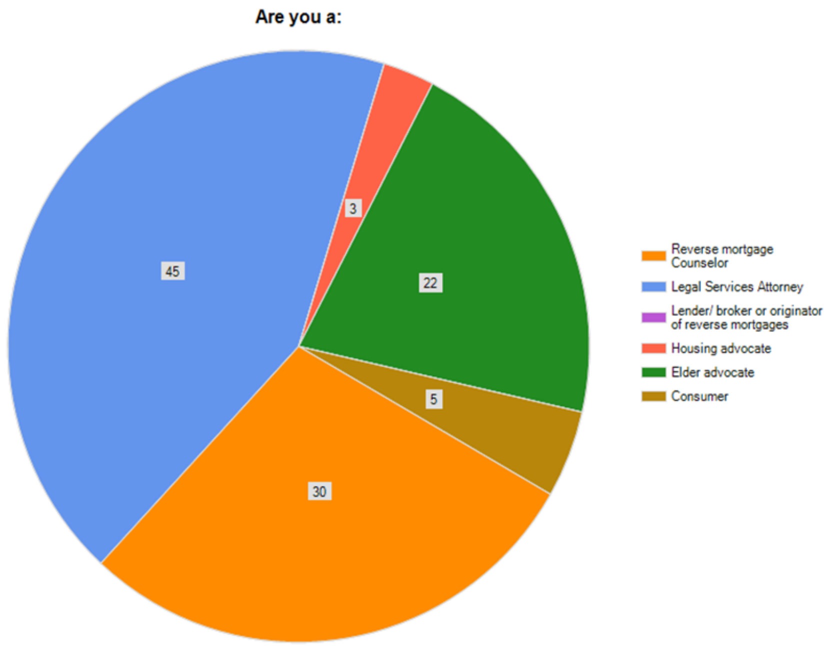
II. Responses to national survey of elder advocates highlight the need for substantive reform to protect current borrowers and consumers considering reverse mortgages.

A survey created by NCLC to gauge consumers' use of reverse mortgages revealed the need to protect increasingly vulnerable consumers from marketing and sales practices that deplete precious home equity. The survey was created in response to the Bureau's request for information regarding reverse mortgages. The Bureau sought information from the public regarding the factors that influence consumers' decision to enter into reverse mortgages, the use of loan proceeds, long-term outcomes of decisions to obtain reverse mortgages, and the differences in market dynamics and business practices among the broker, correspondent and retail channels for reverse mortgages.[6] To facilitate the gathering of this information, NCLC sent a survey to thousands of elder and housing advocates, reverse mortgage counselors, legal services attorneys, consumers and others regarding consumers' use of reverse mortgages. The fifteen questions included in the online survey were taken directly from the Bureau's Notice and Request for Information Regarding Consumer Use of Reverse Mortgages.[7] Of the sixty-five respondents who completed the survey, the majority work closely with older adults in a variety of capacities; they include thirty reverse mortgage counselors, twenty-two elder advocates, forty-five legal services attorneys, and three housing advocates. Five consumers also responded.

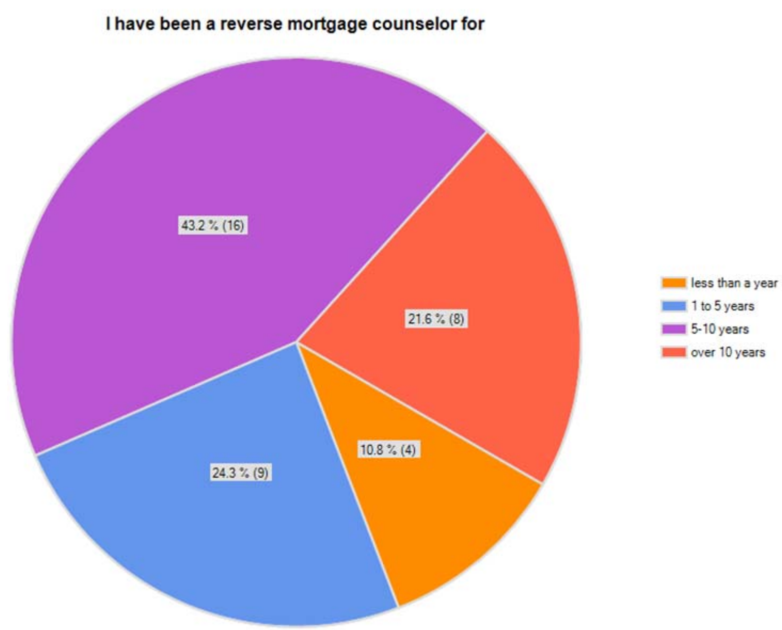
---

[6] 77 Fed. Reg. 39222 (July 2, 2012).

[7] The fifteen questions in the survey – titled "Survey of Consumers' Use of Reverse Mortgages" were taken verbatim from the Notice and Request for Information Regarding Consumer Use of Reverse Mortgages, Docket No. CFPB-2012-0026. 77 Fed. Reg. 39222 (July 2, 2012). Not all the questions included in the Notice and Request for Information were used in the survey. Most notably, questions regarding the market dynamics and business practices among brokers, correspondent and retail channels for reverse mortgages were excluded. Three questions were added to solicit demographic information. Based on NCLC's email database, we expected to gather information from reverse mortgage counselors, attorneys, housing advocates, elder and consumer advocates, government officials, and consumers themselves. We used Survey Monkey to administer the survey (http://www.surveymonkey.com/s/reverse_mortgage_survey). The survey was emailed on July 27, 2012 with a deadline of August 3, 2012 to respond, giving respondents a week to complete the survey. The survey was emailed to two of NCLC's email lists. One list consisted of 317 email addresses, primarily elder advocates and consumers who received NCLC's email newsletter "Consumer Alert for Older Consumers;" and the other list included email addresses for 1,560 people who have signed up or attended the National Elder Rights Training Project Webinars. A total or 1,877 emails were sent and by the deadline, 119 people started the survey and 65 people completed the survey. The survey was anonymous; however respondents had the option of providing their contact information for follow-up. A copy of the survey is attached as Exhibit A. To review responses to the survey, please go to http://www.nclc.org/images/pdf/older_consumers/reverse-mortgage-survey-results.pdf.



Of the respondents who identified themselves as reverse mortgage counselors, nearly two-thirds had five or more years' experience as counselors, with a significant number, 21 percent, having a decade or more of experience counseling borrowers considering reverse mortgages.[8] Many counselors assisted dozens of potential borrowers each month.



Collectively, respondents have decades of experience assisting older adults in a variety of contexts. Despite the varied backgrounds of the respondents, their answers to the survey questions

[8] Of the respondents who identified themselves as reverse mortgage counselors, 16 reported being a counselor between 5-10 years; 9 people reported being counselor for between 1-5 years; 8 people reported being a counselor for over 10 years; and 4 people reported being a counselor for less than 4 years.

were consistent, with respondents often used the same phrases or terms when describing their clients' issues with reverse mortgages. The answers to the survey questions highlighted the challenges consumers face in the reverse mortgage marketplace.

- Cash-strapped older consumers are turning to reverse mortgages to pay off debt, primarily mortgage, credit card and medical debt, and to repair their homes. In some cases, after paying off an existing mortgage and other debt, there is no money left over to pay ongoing expenses such as property taxes and insurance, putting these consumers at high risk of foreclosure.
- Consumers are more likely to consider their immediate need for money – i.e., the amount of proceeds they will receive from the reverse mortgage – rather than the long-term costs of the loan, which are less transparent.
- Consumers have a difficult time appreciating the differences and long-term costs of the fixed-rate, lump-sum reverse mortgage compared to the variable rate option with the line of credit; as a result they are likely to accept whatever product the lender offers or recommends.
- Playing off both consumers' need for cash, and the complexity of the choices, lenders and brokers steer consumers toward fixed-rate, lump-sum reverse mortgages.
- The effectiveness of counseling is undermined when lenders and brokers steer consumers to one option over the other. Many consumers enter counseling already convinced that the fixed-rate, lump-sum reverse mortgage recommended by the originator is the best product for them. They are often convinced that the counseling is perfunctory and only a formality to obtain the loan. In other words, the value of the counseling has been seriously undermined before the consumer ever reaches the counselor.
- Consumers who obtain reverse mortgages wish to age in place, and typically anticipate that the home will be sold after their death. The prospect that the elder will default on taxes and insurance undermines these goals by prematurely dispossessing elders of the home that they had anticipated they would stay until they die.
- When the loan proceeds are gone, consumers struggle to make ends meet or to deal with unexpected expenses. They borrow from relatives, rent out rooms in their homes or return to work to supplement fixed incomes. Consumers become vulnerable to other forms of high cost lending, such as payday loans. Those that have no other means of earning extra income contemplate selling the home.
- Consumers do not shop around for reverse mortgages. They rely on lenders they know and trust. They are heavily influenced by advertising and in-person presentations at seminars.

While survey respondents were very knowledgeable about their clients' needs and motivations, and use of reverse mortgages, the survey results did outline some gaps in information and understanding of consumer behavior. This lack of information can be ameliorated by a well designed research study that polls borrowers to find out why they considered a reverse mortgage, how they used the proceeds, what were they told about the loan, and their level of satisfaction with the loan after a suitable time interval. In addition, HUD should encourage and fund counselors to follow up with borrowers after a suitable time period to inquire about their experience with the HECM.

III. As highlighted by survey respondents, cash-strapped older adults are turning to reverse mortgages to pay off debt, making them vulnerable to unscrupulous practices in the marketing and sale of reverse mortgages.

A. Older adults are entering retirement with increasing debt loads.

Older adults, like the general population, are struggling to deal with job loss, reduction in wages, erosion of retirement savings, increased energy costs and escalating health care expenses.[9] The unemployment rate for older adults (age 55 and over) has reached the highest level in 60 years.[10] Regardless of their employment status, in the last few years many older adults saw a substantial decline in their homes' value, have accumulated credit card, medical and other debt, and struggle to make ends meet on fixed incomes. At least at third of older adults are economically insecure, meaning that they are in danger of outliving their resources.[11] The situation is particularly dire for African-American and Latino elders, with 52 percent and 56 percent respectively, considered economically insecure. [12]

Older adults turn to credit cards to bridge the gap between their fixed incomes and escalating expenses. The average credit card debt for older Americans is the highest of any age group.[13] While fewer elders are seriously behind in debt payment than younger peers, the 2010 Federal Reserve Bank's survey of consumers showed that rate of serious nonpayment was rising most rapidly among older adults.[14]

The economic distress among this population is evidenced in the years-long uptick in bankruptcy filing. Older adults make up the fastest growing group of bankruptcy filers.[15] This trend cannot be accounted for by the aging of the general population as a whole. The rapid rise in bankruptcy filings by older adults is due in part to credit card and medical debt. Upon filing for bankruptcy, older adults are on average more indebted to credit card companies than younger filers.[16]

Homeowners were hit particularly hard by the recession and financial crisis. Nearly 80% of older Americans own their own home. It is projected that in less than ten years, the number of

---

9 See, e.g., Fidelity Brokerage Services, *Retirees face estimated $240,000 in medical costs*, May 16, 2012, (a couple retiring in 2012 at age 65 would on average face $240,000 for medical care and health insurance expenses over their lifetimes, up from an estimated $160,000 in 2002), available at www.fidelity.com/viewpoints/retirees-medical-expenses.

10 AARP Public Policy Institute, *Recovering from the Great Recession: Long Struggle Ahead for Older Americans*, May 2011.

11 Tatjana Meschede, Laura Sullivan, Thomas Shapiro, *From Bad to Worse: Senior Economic Insecurity on the Rise*, Research and Policy Brief, Brandies Institute on Assets and Social Policy, July 2011 available at http://iasp.brandeis.edu/pdfs/FromBadtoWorse.pdf.

12 Tatjana Meschede, Laura Sullivan, Thomas Shapiro, *The Crisis of Economic Insecurity for African-American and Latino Seniors*, Research and Policy Brief, Brandies Institute on Assets and Social Policy, September 2011 available at http://iasp.brandeis.edu/pdfs/InsecuritySeniorsOfColor.pdf.

13 Amy Traub and Catherine Ruetschlin, *The Plastic Safety Net: Findings from the 2012 National Survey on Credit Card Debt of Low- and Middle-Income Households*, Demos, May 2012, available at http://www.demos.org/publication/plastic-safety-net.

14 *Changes in U.S. Family Finances from 2007 to 2010: Evidence from the Survey of Consumer Finances*, 98 FRB Bull. Table 17, June 2012 (showed that only 1.5% of 65 to 74 year olds 60 days late paying a debt in 2001 and 6.1% were late in 2010. The 75+ group rose from just to .8% to 3.2% in the same time span.).

15 John Golmant, *Aging and Bankruptcy Revisited*, ABI Journal, September 2010.

16 John Pottow, *The Rise in Elder Bankruptcy Filings and Failure of U.S. Bankruptcy Law*, The Elder Law Journal, Vol. 19, 2012, June 1, 2011; University of Michigan Public Law Working Paper No. 210; University of Michigan Law & Economics, Empirical Legal Studies Center Paper No. 10-015. Available at SSRN: http://ssrn.com/abstract=1669298.

homeowners 65 years of age or older will increase by 35%.[17] However, this population is highly vulnerable. Between 2007 and 2011, 1.5 million homeowners over the age of 50 lost their homes.[18] AARP reports that homeowners over the age of 75 were one of the hardest hit groups in terms of foreclosures between 2007 and 2011.[19] The study also found that over the last 20 years this age group experienced the greatest increase in mortgage debt.

The survey responses reveal that the need for cash leads consumers to focus on how much money they will receive from the loan, and the ease of getting the loan, rather than the long-term costs associated with the mortgage. This makes consumers vulnerable to deceptive marketing and sales practices which emphasize short term gain rather than the long-term costs and risks of reverse mortgages. This is especially true if the proceeds of the loan are needed to address an immediate financial crisis, to stave off foreclosure or fund necessary medical care. Moreover, consumers have a difficult time evaluating the long-term consequences of the mortgage or simply understanding how the loan works, even with good counseling.[20] Thus, they may not focus on other, more cost effective strategies to deal with debt. Consumers that use the proceeds of reverse mortgages to pay off debt, rather than supplement income, are in danger of running out of resources to fund their retirement.

B. Increasingly younger borrowers are being steered to fixed-rate, lump-sum reverse mortgages with the potential to deplete all the equity in the home early in retirement.

The answers to the survey also highlight the disturbing trend in the reverse mortgage marketplace of a high percentage of borrowers being sold fixed-rate, lump sum reverse mortgages. With fixed-rate loans, the borrower is required to withdraw the full loan limit at closing. For borrowers who do not need all of the available proceeds immediately, fixed-rate loans are much more expensive than variable-rate loans. Borrowers pay compounding interest and an ongoing mortgage insurance premium on the full amount of equity over the life of the loan. With a variable rate loan, money is withdrawn as needed, over the course of the loan, which means that interest is only charged on the money that is needed and withdrawn, rather than the entire amount for the whole loan term. HECM reverse mortgages also have a credit line growth feature which allows the unused portion of the line of credit to grow at a specified interest rate, increasing the amount available.[21]

Aggressive marketing, pricing and product availability, rather than overwhelming consumer demand, is driving this trend. In the nine months between March and December 2009, the percentage of fixed-rate, lump-sum loans went from less than 3% to approximately 70%, where it

---

[17] Joint Center for Housing Studies of Harvard University, *The State of the Nation's Housing 2011*, June 2011.

[18] *See* Robbie Brown, *Senior citizens hit hard by home loss*, New York Times, July 19, 2012.

[19] See Lori Trawinski, *Nightmare on Main Street: Older Americans and the Mortgage Market Crisis*, AARP Public Policy Institute, July 2012.

[20] *See* Consumer Financial Protection Bureau, *Reverse Mortgages -- Report to Congress,* June 28, 2012, § 6.1.

[21] For HECM reverse mortgages, that rate is specified in the regulations. 24 C.F.R. §§206.3; 206.25(d). The remaining funds in the line of credit grow by the same rate as the interest rate on the mortgage, plus 0.5%. The existence of this feature means consumers do not have to withdraw a lump-sum up front and put that money into a savings account at a low yield or into an unsuitable investment product.

has remained.[22] Consumers did not suddenly develop an appetite for fixed-rate, lump-sum loans. Indeed, just a year earlier, during the height of the economic crisis, almost 90% of HECM reverse mortgage borrowers chose to receive their money *solely* as a line of credit.[23] Rather, the change occurred because reverse mortgage lenders began to waive the origination fees and other charges on fixed-rate loans, and not the variable rate option, driving consumers to immediately withdraw all the proceeds up front, whether they needed it or not.[24] At other times, consumers were not given a choice, as some lenders simply have not offered a loan with a line of credit or monthly payment option. Counselors have reported to the CFPB that some clients reported having *only* been presented with the fixed-rate loan by their loan originator.[25]

Unsuspecting borrowers are being steered to fixed-rate, lump-sum reverse mortgages because this option is more profitable for lenders and brokers. Originators receive exceptionally high compensation from the secondary market for originating fixed-rate HECMs.[26] Their compensation is structured as a percentage of the loan balance at closing, and the percentage rate is higher for fixed-rate loans than for variable rate loans. According to industry rate sheets obtained by the CFPB, the percentage rate that brokers are paid on a fixed-rate loan balance is nearly twice that of adjustable rate loans.[27] The Bureau noted that "some originators may be recommending the fixed-rate product more strongly than – or even to the exclusion of – the adjustable rate product to prospective borrowers."[28]

Even good counseling cannot overcome lender pressure. According to one counselor, even after she has educated potential borrowers regarding the fixed-rate lump-sum mortgage, borrowers are "convinced this is the best option because it is what the lender is pushing."[29] Another counselor noted, "Most of my clients usually tell me they are NOT doing a fixed-rate lump sum once we go through the adjustable rate choices, credit line features. I ask some of them two months later what they did and some say that they decided after talking with a lender to get the fixed-rate lump-sum after all."[30] Given the dominance of thinly regulated nonbank mortgage companies, relying heavily on brokered loans, and a lopsided compensation structure tilted heavily towards fixed-rate loans, borrowers are at risk.[31]

---

22 Donald L. Redfoot, *How Recent Changes in Reverse Mortgages Impact Older Homeowners*, AARP Public Policy Institute, February 2011. *See also* Consumer Financial Protection Bureau, *Reverse Mortgages -- Report to Congress,* June 28, 2012.

23 *See* Government Accountability Office, *Reverse Mortgages: Product Complexity and Consumer Protection Issues Underscore Need for Improved Controls Over Counseling for Borrowers*, GAO-09-606, at 8 (June 2009) available at http://www.gao.gov/new.items/d09606.pdf, at 8.

24 *See* Rachel L Sheedy, *Reverse Mortgage Lenders Cut Fees*, Kiplinger (July 13, 2010), available at http://www.kiplinger.com/features/archives/krr-reverse-mortgage-lenders-cut-fees.html; Tara Siegel Bernard, *Reverse mortgages Still Costly, but Less So*, April 16, 2010 *available at* http://www.nytimes.com/2010/04/17/your-money/mortgages/17money.html?8dpc

25 Consumer Financial Protection Bureau, *Reverse Mortgages -- Report to Congress,* June 28, 2012, § 4.5.4a.

26 *See* Consumer Financial Protection Bureau, *Reverse Mortgages -- Report to Congress,* June 28, 2012, § 4.3.5 (noting that a portion of the premiums issuers receive have been passed on to brokers, retail loan officers and correspondent lenders; the premium is structured as a percentage of the loan balance at closing, and the percentage is higher for fixed-rate loans that for variable rate loans).

27 *See* Consumer Financial Protection Bureau, *Reverse Mortgages -- Report to Congress,* June 28, 2012, § 4.5.4a.

28 *Id.* at note 253.

29 Excerpt from *Survey of Consumers' Use of Reverse Mortgages*, conducted August 2012, on file with the National Consumer Law Center.

30 Id.

31 *See* Consumer Financial Protection Bureau, *Reverse Mortgages -- Report to Congress,* June 28, 2012, § 4.3.2 (aggressive sales tactics among originators could be a cause for concern).

When consumers are fairly presented with a choice, they are likely to choose the HECM line of credit with the credit growth feature. This option is especially critical for those who would lose eligibility for federal or state benefits upon receiving a large lump-sum payment. Such a payment from a reverse mortgage can render borrowers previously receiving SSI and Medicaid ineligible for these programs. Moreover, consumers who make large lump-sum withdrawals up front are at heightened risk for fraud and scams, and enticements to purchase expensive and complicated insurance policies, annuities and other financial products. The combined front-end expense of a reverse mortgage loan and an annuity in particular is unlikely to benefit consumers.

Today's use of reverse mortgages is a far cry from the original purpose of the program which was to enable older adults to convert home equity into cash to help meet the expenses of retirement. As outlined in the statute, the program's goal is "to meet the special needs of elderly homeowners by reducing the effect of the economic hardship caused by the increasing costs of meeting health, housing, and subsistence needs at a time of reduced income…"[32] It was anticipated that borrowers would use loan proceeds to age in place, staying at home until they died or needed skilled care outside of the home. However, today's consumers are taking out reverse mortgages at younger ages than in the past even though they receive fewer proceeds from the loan. Depleting all the equity in a home early in retirement – or even before retirement – puts consumers on an unsustainable financial course that may result in the premature eviction from their homes if they do not have sufficient resources to pay for taxes and insurance, maintain the property, or meet unexpected expenses.

Aggressive marketing campaigns aimed at cash-strapped older adults are promoting the use of reverse mortgages for short-term needs. The broad marketing efforts solicit borrowers through TV and internet advertisement using celebrity spokespeople, direct mail solicitations, phone calls and door-to-door solicitations. Also common are old-fashioned marketing techniques such as advertisements in senior newsletters and "educational" programs at senior centers. Some marketing solicitations misleadingly or deceptively pitch reverse mortgages as "free money," or imply that the money comes from the federal government or that the borrower could never lose their home. Such deception, when coupled with a complex product that offers confusing choices, makes it hard for consumers to evaluate whether the loan fits their needs.

Lenders and brokers try to gain a competitive advantage in the market through a variety of techniques. To gain the trust of consumers, brokers tout their confidence-inspiring credentials as "Certified Senior Advisors" or "certified reverse mortgage consultants."[33] These purported credentials imply a level of expertise or special training that may be especially enticing to consumers who are trying to understand a complex product. Regulators in several states have made it an unethical practice for brokers and others to use such senior designations unless the regulator recognizes the use of the designation and the organization that offers it.[34] State insurance regulators have also issued similar prohibitions.[35]

---

[32] 12 U.S.C. § 1715z-20.

[33] *See* National Consumer Law Center, *Subprime Revisited: How Reverse Mortgage Lenders Put Older Homeowners' Equity at Risk*, at 8-9 (October 2009). Certified Senior Advisor is a designation offered by the Society of Certified Senior Advisors and requires approximately three to four days of coursework. The "Certified Reverse Mortgage Consultant" designation is offered by the National Reverse Mortgage Training Institute after 36-40 hours of classroom instruction and 10-20 hours of self-study.

[34] S*ee*, *e.g.,* 950 Mass. Code Regs. §§ 12.204(2)(h)(i); N.H. Rev. Stat. § 421-B:6.

[35] *See, e.g.*, Minn. Stat. § 72A.204, Utah Admin. Code R590-252 et seq.

With the exit of big retail lenders, and smaller lenders jockeying for market position, this type of marketing as well as other confidence-inducing strategies may well increase. In the forward mortgage market, aggressive solicitations by high-cost subprime lenders landed many consumers in inappropriate loans that were not sustainable. These marketing efforts have moved to the reverse mortgage market where older adults are obtaining loans that may be inappropriate for their needs.

IV. Older adults are at risk for premature eviction from the home due to default on property charges and younger spouses' removal from deeds and mortgages.

The aggressive marketing push and the overwhelming debt burden of older adults are causing consumers to underestimate the long-term costs and risk of reverse mortgages.[36] Two such risks, the risk of foreclosure when the homeowner is unable to afford ongoing property charges and the danger of removing younger spouses from the loan, are outlined below. We recommend that that the CFPB and HUD put in place substantive protections to protect borrowers and spouses from the ultimate risk associated with reverse mortgages--being evicted from the home and being rendered homeless.

A. Homeowners' ability to pay taxes and insurance should be evaluated before origination, and current defaults should be dealt with in a manner designed to prevent the loss of the home.

1. Reverse mortgage borrowers face loss of the home if they are unable to pay taxes and insurance.

Homeowners are required to pay the taxes due and the property insurance premiums for the home secured by the reverse mortgage.[37] Failure to make these payments makes the loan "deemed to be out of compliance with the FHA requirements and … delinquent."[38] When homeowners fail to pay these charges, servicers are initially required to pay them from the loan's available proceeds.[39] If there are no available proceeds, the servicer is required to advance these amounts and then try to collect them from the homeowner.[40]

As the CFPB has recognized, homeowners fail to make these payments for a variety of reasons, ranging from not understanding that they are required to not having sufficient discretionary

---

36 Joel Berg, *Reverse Mortgages: A Business in Flux*, American Banker (August 1, 2012).

37 24 C.F.R. § 206.205(a) ("The mortgagor shall pay all property charges consisting of taxes, ground rents, flood and hazard insurance premiums, and special assessments in a timely manner and shall provide evidence of payment to the mortgagee as required by the mortgage.").

38 FHA Mortgagee Letter 2011-01: Home Equity Conversion Mortgage Property Charges Loss Mitigation, January 3, 2011.

39 24 C.F.R. § 206.205(c) ("If the mortgagor fails to pay the property charges in a timely manner, and has not elected to have the mortgagee make the payments, the mortgagee may make the payment for the mortgagor and charge the mortgagor's account.").

40 24 C.F.R. § 206.205(c) ("If the mortgagor fails to pay the property charges in a timely manner, and has not elected to have the mortgagee make the payments, the mortgagee may make the payment for the mortgagor and charge the mortgagor's account.").

income.[41] Testing by the Federal Reserve Board revealed that some consumers do not understand that the reverse mortgage loan would come due if they failed to pay insurance and taxes.[42]

2. Homeowners who default on taxes and insurance need more protections against loss of the home.

Reverse mortgage borrowers are required to pay taxes and insurance throughout the life of the loan, even though principal and interest need not be repaid until the borrower dies or moves out of the home. If the borrower fails to pay taxes and insurance, the servicer advances these amounts. For borrowers who have sufficient credit left on a line-of-credit reverse mortgage, the servicer funds the advance by dipping into that line of credit, so the homeowner does not face loss of the home. Only those homeowners who have failed to make payments for taxes or insurance *and* who do not have sufficient credit available on their loan account to repay the servicer's advances face default and loss of the home. Homeowners who do not have credit left on a reverse mortgage line of credit are also unable to refinance to cover the delinquent tax and insurance payments. The result is that almost 10% of homeowners with outstanding HECM loans are at serious risk of losing their homes due to defaults on their property taxes and insurance.[43]

These prospective foreclosures on elderly homeowners with outstanding reverse mortgages flow from an unusual decision by HUD. In January 2011, HUD issued a Mortgagee Letter that requires servicers to collect the advances made for delinquent taxes and insurance from homeowners within a very short time period.[44] For example, delinquencies of as much as $5,000 must be collected from the homeowner on a repayment schedule of only 12 months, while amounts over $5,000 must be repaid in only 24 months.[45]

These repayment periods are terribly burdensome to elderly homeowners who are, in most instances, unable to afford the payments. Repaying a $5,000 debt in 12 months requires a payment of more than $416 a month. Similarly, a $15,000 debt in 24 months would require a payment of $625 a month. These amounts are unlikely to be affordable to many homeowners with reverse mortgages.

Moreover, it is difficult to understand why HUD would require repayment of servicer advances in twenty-four months or less for reverse mortgages offered to elderly people, when it permits servicer advances on forward-mortgages to be repaid over the entire remaining term of the loan.[46]

The National Housing Act requires lenders to engage in loss mitigation upon the default or imminent default of an FHA-insured mortgage.[47] Regulations and guidelines issued by HUD require

---

41 *See* Consumer Financial Protection Bureau, *Reverse Mortgages -- Report to Congress,* June 28, 2012, § 6.6.

42 *See* ICF Macro, Summary of Findings: Design and Testing of Truth in Lending Disclosures for Reverse Mortgages, at 14 (July 2010).

43 *See* Consumer Financial Protection Bureau, *Reverse Mortgages -- Report to Congress,* June 28, 2012, § 6.6; 75 Fed. Reg. 58539, 58678 (Sept. 24, 2010).

44 FHA Mortgagee Letter 2011-01: Home Equity Conversion Mortgage Property Charges Loss Mitigation, January 3, 2011.

45 FHA Mortgagee Letter 2011-01: Home Equity Conversion Mortgage Property Charges Loss Mitigation, January 3, 2011.

46 *See e.g. See* Dep't of Hous. & Urban Dev., Mortgagee Letter 2010-04 (Jan. 22, 2010).

47 *See* 12 U.S.C. § 1715u. A borrower facing imminent default is defined as one that is current or less than thirty days past due on the mortgage and is experiencing a significant reduction in income or some other hardship that will prevent him or her from making the next required payment on the mortgage in the month it is due. Borrowers facing imminent

that lenders evaluate the borrower for alternatives to foreclosure before the borrower becomes delinquent on four mortgage payments.[48] This raises the question of why HUD has not required the application of similar home-saving strategies applicable to reverse mortgages.

For example, in standard, forward-mortgages, servicers are required to evaluate homeowners for a special forbearance which allows homeowners to reduce or suspend payments for a minimum of four months so long as the arrearage does not exceed the equivalent of twelve monthly mortgage payments.[49] At the end of the forbearance period, the homeowner must typically begin paying at least the full amount of the monthly mortgage payment due under the mortgage. **The repayment period must last at least four months, but otherwise lenders and homeowners are free to agree to any repayment plan for the accumulated arrears throughout the remaining term of the loan**.[50] There is no maximum length of time to repay.

Either the CFPB or HUD should require these same type of repayment periods for amounts currently owed by reverse mortgage homeowners. It simply does not make sense for HUD to insist that reverse mortgage homeowners repay delinquent amounts in twenty-four months or less, when it is the goal of the FHA and HECM programs to help keep seniors in their homes *and* there are reasonable alternatives that will protect the U.S. Treasury from large losses.

We propose an alternative rule that would encompass both a much longer repayment period for past defaults, plus an evaluation of the homeowner's ability to afford both these repayments and ongoing taxes and insurance. This rule would not need to be applied to homeowners who have sufficient credit left on their reverse mortgage to cover future payments for taxes and insurance – as the mortgagee is already authorized to raid that fund to make the payments.[51]

Our proposal for a home-saving rule applicable to homeowners who have arrearages due and do not have sufficient funds in their credit line to cover past and future tax and insurance charges, would include the following components:

- Whether the homeowner has the resources to pay ongoing charges for taxes and insurance should be evaluated and certified by a certified reverse mortgage counselor.

- The homeowner's obligation to repay the funds advanced by the servicer for taxes and insurance should be amortized over the expected remaining term of the loan. These amounts would be required to be paid by the homeowner, on a monthly basis, to the servicer into an escrow account established for this purpose for the remaining period during which the loan is active.[52]

---

default can only take advantage of HUD's forbearance or FHA-HAMP options. *See* Dep't of Hous. & Urban Dev., Mortgagee Letter 2010-04 (Jan. 22, 2010).

48 24 C.F.R. § 203.605. Notice to the homeowner on foreclosure prevention options together with a HUD brochure on that topic must be sent between the thirty-fifth and the forty-fifth day of delinquency. *See* Dep't of Hous. & Urban Dev., Mortgagee Letter 00-05 (Jan. 19, 2000); Dep't of Hous. & Urban Dev., Mortgagee Letter 97-44 (Sept. 29, 1997).

49 HUD temporarily changed its guidelines to extend the minimum forbearance period to twelve months. This change to the guidelines will expire August 1, 2013, and the minimum forbearance period will revert back to four months. *See* Dep't of Hous. & Urban Dev., Mortgagee Letter 2011-23 (July 7, 2011).

50 Dep't of Hous. & Urban Dev., Mortgagee Letter 2002-17 (Aug. 29, 2002).

51 24 C.F.R. § 206.205(c).

52 This would not violate 24 C.F.R. § 206.205(e)(1) because the funds are not withheld from the proceeds of the loan, they are being paid directly by the homeowner to the servicer.

- The loan would not be considered delinquent so long as the homeowner maintained the ongoing obligations for taxes and insurance, and paid the servicer the amortized amount for past advances.

- The servicer could establish an escrow account for the homeowner to pay into each month to assist with budgeting for these expenses.

For example, suppose a homeowner has taxes due each year of $2,000, and annual insurance premiums of $700. If the homeowner fails to pay the taxes and insurance for three years, the servicer will have to advance $8,100. Assume that the homeowner is 75 years old at the end of the three years, and that the remaining term of the HECM loan is twenty-five years. The servicer should evaluate whether the homeowner has the resources to afford both the $2,700 annual costs, and the $8,100 repaid over the 300 (25 years x 12) monthly payments.

- Amortizing $8,100 over 300 payments equals $27 a month.

- The $2,700 annual costs for future taxes and insurance would be paid into an escrow account, at the rate of $225 a month (or slightly more if the RESPA rules on escrow accounts allowing a cushion were made applicable to reverse mortgage escrow accounts).

- The monthly expenses that the homeowner would need to show she could afford would then be $27 plus $225, or $252.

Only if the homeowner was found to be unable to afford these monthly payments, and there were no available funds left on the reverse mortgage, would the reverse mortgage loan be referred to foreclosure.

3. An evaluation of the borrower's ability to pay taxes and insurance should be required before reverse mortgages are originated.

The treatment of reverse mortgage borrowers' ability to pay for taxes and insurance must be changed for the future, otherwise reverse mortgages threaten to become simply another expensive way to lose one's home to foreclosure. The remedy is simple: every prospective reverse mortgage borrower must either be evaluated to determine whether the borrower has sufficient income to afford taxes and insurance, *or* the reverse mortgage must include sufficient reserves to cover these costs for the entire expected term of the reverse mortgage.

As the CFPB has recognized,[53] voluntary efforts by reverse mortgage originators to underwrite or include reserves will fail in the marketplace because the process is more onerous and makes the mortgage appear to be more expensive.[54] As noted, the industry has already requested that

[53] *See* Consumer Financial Protection Bureau, *Reverse Mortgages -- Report to Congress,* June 28, 2012, § 6.6.4.
[54] *See* discussion of MetLife's withdrawal from the market after experimenting with underwriting requirements, Consumer Financial Protection Bureau, *Reverse Mortgages -- Report to Congress,* June 28, 2012, § 6.6.4a.

FHA mandate a "baseline underwriting requirement."[55] We support both the FHA and the industry in this regard.

B. Stronger substantive protections should be added to the HECM program to prevent eviction of the non-borrowing spouses of reverse mortgage borrowers.

Non-borrowing spouses are being forced out of their homes upon the death or move of the mortgagor-spouse.[56] The cause of this problem is that lenders and brokers encourage the non-borrowing younger spouse (generally the wife) to deed over her share of the house to the husband prior to originating a reverse mortgage so that more funds or better terms will to be available from the loan.

Lenders and brokers often mislead or outright lie to consumers regarding the consequences of leaving younger spouses off the deed and reverse mortgage.[57] Borrowers have reported to the CFPB that brokers promised lower rates, additional funds or a more favorable deal if the spouse's name was not on the deed or reverse mortgage, and promised that borrowers would be able to add a spouse or family member when they reached a certain age.[58] According to officials at HUD, who have received many complaints regarding this practice, "borrowers were told the loan was assumable, or a loan officer said that it was alright to remove a spouse from title because they could refinance or add the spouse back to title later without any problem."[59]

These blatant misrepresentations echo some of the false promises that brokers made during the subprime boom. As with those earlier practices, brokers stand to profit by putting pressure on consumers to remove younger spouses from the reverse mortgage loan. Brokers earn a percentage of the funded loan balance at closing. Any practice that leads to an increase in that amount will result in more money in the pocket of the broker.

In the authorizing statute, Congress expressed its intent to protect spouses. The HECM statute states that HUD may not insure a reverse mortgage "unless the mortgage provides that the homeowner's obligation to satisfy the loan obligation is deferred until the homeowner's death, the sale of the home, or the occurrence of other events specified in the regulation of the Secretary. For the purposes of this subsection, the term "homeowner" includes the spouses of homeowners."[60] The statute's broad definition of homeowner anticipated the need to keep an elder housed even if the spouse passed away or was forced to move.

---

[55] *Id.*

[56] *See* Norma Paz Garcia, Prescott Cole, Shawna Reeves, *Examining Faulty Foundations in Today's Reverse Mortgages*, Consumers Union, at 19 (December 2010); *As Complaints Increase, HUD to Address HECM Non-Borrowing Spouse Issue*, Reverse Mortgage Daily, Apr. 29, 2010, available at http://reversemortgagedaily.com/2010/04/29/as-complaints-increase-hud-to-address-hecm-non-borrowing-spouse-issue/

[57] See, e.g., *Ellison v. Wells Fargo Home Mortgage, Inc.*, 2010 WL 3998091 (E.D. Mich. Oct. 12, 2010) (borrower told that by adding non-borrower spouse's name to the mortgage agreement, spouse could remain in home even after borrower died, and spouse's interest in the property would be protected by borrower's quit-claim deed issued to himself and spouse *after* execution of the reverse mortgage).

[58] *See* Consumer Financial Protection Bureau, *Reverse Mortgages -- Report to Congress,* June 28, 2012, § 6.7.1.

[59] *As Complaints Increase, HUD to Address HECM Non-Borrowing Spouse Issue*, Reverse Mortgage Daily, Apr. 29, 2010, (statement of Erica Jessup, Program Specialist at the Dep't of Housing and Urban Dev.) available at http://reversemortgagedaily.com/2010/04/29/as-complaints-increase-hud-to-address-hecm-non-borrowing-spouse-issue/

[60] 12 U.S.C. § 1715z-20(j).

Newly issued guidance from HUD requiring that non-borrower spouses and co-owners receive HECM counseling is a good step forward, but not enough.[61] Misinformation and sales pressure from lenders and brokers may override information provided by counselors, especially if consumers are told that they need to remove the younger spouse from the deed and reverse mortgage to get more proceeds. Moreover, the couple simply may not inform the counselor that they are considering removing one spouse from the deed. As a result, the non-borrowing spouse may not be fully counseled or understand the risks posed by quitclaiming his or her interest in the home.

HUD and the CFPB should take more aggressive action to ensure that non-borrowing spouses do not end up homeless. The rule should be simple: If a couple is married when the reverse mortgage is originated, the life expectancy runs for the youngest member of the couple, and the termination of the reverse mortgage for death applies to both spouses *regardless of who actually owns the home*. This resolution furthers the traditional and sensible homestead rule of preserving the home for the spouse after widowhood, regardless of legal ownership of the home.

Eviction from the home puts the non-borrowing spouse, mainly women, at risk not only for homelessness, but premature entry into long-term care facilities, like nursing homes. The premature displacement of elders is clearly counter to the purpose of the reverse mortgage product, and to public policy, which supports having older adults "Age in Place."

[61] *See* Dep't of Housing and Urban Dev. Mortgagee Letter 2011-31 (Aug. 26, 2011).

Exhibit A

Are you a:

- ◯ Reverse mortgage Counselor
- ◯ Legal Services Attorney
- ◯ Lender/ broker or originator of reverse mortgages
- ◯ Housing advocate
- ◯ Elder advocate
- ◯ Consumer

Other (please specify)

I have been a reverse mortgage counselor for

- less than a year
- 1 to 5 years
- 5-10 years
- over 10 years

I provide counseling to

- Fewer than 1 per month
- 1-10 per month
- 10-40 per month
- more than 40 per month

Factors influencing consumer decisions:

1. What factors are most important to consumers in deciding whether to get a reverse mortgage?

2. What factors are most important to consumers in choosing among products? Among other things, comments could address the choice between fixed-rate, lump-sum reverse mortgages and adjustable-rate, line-of-credit or monthly disbursement reverse mortgages.

Survey of Consumers’ Use of Reverse Mortgages

Consumer use of reverse mortgage proceeds:

3. Nearly 75% of recent reverse mortgage consumers took out all of their available funds upfront in a lump sum.

3a. What do consumers do with these funds?

3b. Where do consumers place loan money that they do not use immediately? (E.g., in a savings account, an investment account, a certificate of deposit (CD), etc.).

Consumer use of reverse mortgage proceeds:

4. Some reverse mortgage consumers use reverse mortgage loan funds to refinance a traditional mortgage or home equity loan/line of credit.

4a. What proportion of consumers are using reverse mortgage loan funds to refinance a traditional mortgage or home equity loan/line of credit?

4b. What proportion of the loan funds are typically spent on paying off an existing mortgage?

4c. Do consumers using a reverse mortgage to refinance an existing mortgage typically consider other options first (e.g. moving to a different home or a traditional refinancing)? If not, why not? If so, what factors lead them to choose a reverse mortgage instead?

Consumer use of reverse mortgage proceeds:

5. Some reverse mortgage consumers use reverse mortgage loan funds to consolidate non-housing debts.

5a. What proportion of borrowers use reverse mortgage loan funds to consolidate non-housing debts?

5b. What proportion of the loan funds are typically spent on consolidating non-housing debts?

5c. What types of non-housing debts are typically consolidated (e.g. credit card, auto, medical-related debt, etc.)?

Longer-term outcomes for reverse mortgages borrowers:

6. Consumers typically pay off their reverse mortgage loans earlier than would be expected based on underlying mortality rates.

6a. Why do consumers typically pay off their reverse mortgage loans early?

6b. Do consumers anticipate being able to pay off a reverse mortgage at a specific time (e.g. upon receiving a pension or retirement benefit) when taking the reverse mortgage loan?

7. What are the typical outcomes for borrowers who still have the loan after 5 years or more?

7a. Does the loan continue to meet borrowers' financial needs 5 or more years after origination?

7b. If borrowers have drawn all of their available funds, what financial resources do they use to meet new or unexpected expenses?

7c. Do borrowers who still have the loan after 5 or more years typically feel that the loan was a good choice? Are there things they wish they had done differently?

Survey of Consumers' Use of Reverse Mortgages

Thank you for completing the survey!

This survey is anonymous. However, if you would like to include your name, organization, and contact information, please complete the form below. We will only use this information to follow-up with you regarding the information you have provided as part of this survey. Completing the information below is OPTIONAL.

Name:

Organization:

Email Address:

Phone Number:

Exhibit B

Are you a:	I have been a reverse mortgage counselor for	I provide counseling to	1. What factors are most important to consumers in deciding whether to get a reverse mortgage?	2. What factors are most important to consumers in choosing among products? Among other things, comments could address the choice between fixed-rate, lump-sum reverse mortgages and adjustable-rate, line-of-credit or monthly disbursement reverse mortgages.	3a. What do consumers do with these funds?
Reverse mortgage Counselor	5-10 years	1-10 per month	no monthly mortgage payment	Most are considering the fixed rate mortgage due to the negative light adjustable rate mortgages have had over the recent years and the mortgage crisis. The lump sum disbursement that comes with a fixed rate reverse mortgage is also another factor homeowners seem to be an important factor.	Many of the cases I am seeing is to pay off existing mortgages on the home and to help supplement income.
Reverse mortgage Counselor	1 to 5 years	more than 40 per month	will getting rid of my house pmt free up other monies to enable better living	seems like most like the adjustable loc with growth	pay off other debts
Reverse mortgage Counselor	1 to 5 years	more than 40 per month	I would say that explaining the cost to them is important, how much they would be receiving and the impact the loan has on their estate.	I have found when explaining the products, the more complex the product is the less likely clients will choose it.	When I counsel clients I find that a lot of client use the their funds to pay off debt, either via a mortgage or credit cards.
Reverse mortgage Counselor	1 to 5 years	more than 40 per month	Their financial situation	The interest rates.	Various, most of the time for living expenses.
Reverse mortgage Counselor	5-10 years	10-40 per month	If it will work for them i.e If they can get a) mtg paid off. b) if they can acess equity	Most people think they want fixed untill Counselors explain Features and Benefits to all three options	Pay Bills, Home improvements. Pleasure

Are you a:	I have been a reverse mortgage counselor for	I provide counseling to	1. What factors are most important to consumers in deciding whether to get a reverse mortgage?	2. What factors are most important to consumers in choosing among products? Among other things, comments could address the choice between fixed-rate, lump-sum reverse mortgages and adjustable-rate, line-of-credit or monthly disbursement reverse mortgages.	3a. What do consumers do with these funds?
Reverse mortgage Counselor	over 10 years	1-10 per month	whether or not they think its worth it - closing costs, fees compared to the amount borrower is eligible for. Whether the house appraises high enough for a HECM to be worthwhile. Trusting what lender offers a borrower. Family or peer inflences as to whether a HECM is a good or bad thing to have. Concern about the uninformed that tell them that the homeowner's house will be taken by the lender, perhaps before they want to leave house, and other fallacies.	The feeling that they are getting the most money and paying the least in interest, fees, etc. for it. Being steered improperly into the product recommended by the originator. It seems like most are more concerned about getting the most money, not understanding or being told that the one offering the most money may be in the long run more expensive and limit what they could have borrowed if they chose a line of credit instead of the fixed rate HECM.	pay off 1st mortgages; LOC's, credit card debts, pay for medical bills, meds, in-home care, modifications or repairs, or just to meet the regular monthy bills that they can no longer afford given their fixed income.
Reverse mortgage Counselor	5-10 years	10-40 per month	Costs	Many want the fixed rate, not understanding consequences of taking large amount of equity out and leaving little or none for heirs	Pay off mortagage and debts (mostly credit cards). Some put in savings account at their bank
Reverse mortgage Counselor	over 10 years	more than 40 per month	Cost of the Reverse Mortgage how much money will be available to them	the cost between the different types of reverse mortgages; how much money will be available to them; how the rate can increase on the ARM and how the line of credit grows	Payout present mortgage; payout debts they owe (ie credit cards) some purchase a 2nd home; others put it in their bank accounts
Reverse mortgage Counselor	5-10 years	10-40 per month	Remaining in their homes for life.	For those with substantial equity the LOC and the fact that it grows while helping to keep the pace of balance growth to a minimum is a large factor.	Home repairs, upgrade to handicapped accessible, buy a vehicle, least common, ongoing cost for in home care.
Reverse mortgage Counselor	1 to 5 years	Fewer than 1 per month	lump sum available to them; ability to pay taxes, insurance, and repairs	It is rare in this market that consumer has a choice- lump sum is the only product available	pay off large credit card or loan balances to reduce monthly obligations
Reverse mortgage Counselor	1 to 5 years	1-10 per month	Amount of accessible funds; interest rates; and closing costs.	The MIP upfront cost and clarity on non-recourse.	payoff existing debts such as credit cards and mortgage liens.

Are you a:	I have been a reverse mortgage counselor for	I provide counseling to	1. What factors are most important to consumers in deciding whether to get a reverse mortgage?	2. What factors are most important to consumers in choosing among products? Among other things, comments could address the choice between fixed-rate, lump-sum reverse mortgages and adjustable-rate, line-of-credit or monthly disbursement reverse mortgages.	3a. What do consumers do with these funds?
Reverse mortgage Counselor	over 10 years	10-40 per month	Desire to age in place. Concern/lack of concern about equity retained. Inability to meet financial obligations. Non-recourse feature. Government insurance. Stress relief. Leveraging assets.	The option that provides the most credit. Concern about variable rates. (Counseling often helps balance this concern.) Lower rates or reduced upfront charges. Too often they are looking for a short term solution and not at the long term. Less often do they have concerns about draining the equity.	Refinance existing mortgage. Pay off other debts. Home improvement. Splurges. Savings.
Reverse mortgage Counselor	5-10 years	10-40 per month	Need. They need the money to continue to live in the lifestyle to which they have become accustomed.	Many come in seeking fixed rate mortgages, but leave seeking adjustable rate mortgages.	Pay off previous mortgage.
Reverse mortgage Counselor	5-10 years	1-10 per month	How long they plan to be in the home? IF they'd be able to stay (example, be physically able to keep up with the yardwork, have access to medical and transportation if they are unable to drive, etc). WHY they are considering a RM and also how they feel about using the equity of their home.	First, the decision is between an ARM and fixed rate product. Many lenders make the fixed rate product attractive by waiving loan origination and or service fees. This usually gives a borrower more funds from a fixed RM. Then it's how the funds are to be used. Also, if the borrower is in a position to take advantage of public benefits, how the funds are received is very important.	If they have a large balance on their mortgage, that's what the main interest of obtaining a reverse mortgage. The borrowers normally are finding it difficult to keep up with that mortgage payment and/or it's an ARM that's scheduled to adjust and again, the borrowers feel they'd not be able to keep up with the payments and/or they'd rather "enjoy" their funds. Other borrowers just want to have the funds ready in the future and may have modest needs now (anything from needing a new roof, paying for hearing aids or dental work).
Reverse mortgage Counselor	5-10 years	10-40 per month	How much money they can get	Interest Rates, LOC or Lump Sum funds. Lenders generally steer clients towars fixed rate and lump sum without explaining the consequences	They say " Put it in a savings account" without realizing cost VS returns
Reverse mortgage Counselor	less than a year	1-10 per month	True need vs disadvantages	Lump sum	Pay off existing debts

Are you a:	I have been a reverse mortgage counselor for	I provide counseling to	1. What factors are most important to consumers in deciding whether to get a reverse mortgage?	2. What factors are most important to consumers in choosing among products? Among other things, comments could address the choice between fixed-rate, lump-sum reverse mortgages and adjustable-rate, line-of-credit or monthly disbursement reverse mortgages.	3a. What do consumers do with these funds?
Reverse mortgage Counselor	5-10 years	1-10 per month	financial need	lower closing costs, but not at the expense of larger interest rates and lower profits	When this happens it is usually because of excessive lender pressure, or because there was very little left over after they paid off the mortgage. Most counselors encourage use of the line of credit.
Reverse mortgage Counselor	over 10 years	10-40 per month	1. The amount available to borrow 2. Negative amortization	1. Consumers gravitate toward the fixed rate product because a) lenders recommend it b) it is easier to understand c) historically fixed-rates have been the preferred choice d) they do not understand advantages of adjustable rate options and lenders do not always take the time to explain and e) they do not always want to listen to the counselor explain the advantages to the adjustable rate because they have made up their mind.	Other than paying off mortgage debt consumers indicate to me they plan to put it in the bank.
Reverse mortgage Counselor	5-10 years	1-10 per month	The amount of money they could receive from the loan	Many clients are scarred of the adjustable because they remember when in the eary 80's interest rates were historically high. Client have a hrd time understanding why in most cases an adjustable is preferablt to a fixed rate loan	Pay bills help children
Reverse mortgage Counselor	5-10 years	10-40 per month	Lately it's been financial security/retirement tool.	Loan that gives them the most money. Because of past problems in the mortgage industry - education is needed to help people at least consider an adj. rate with a LOC.	Usually - there isn't much leftover after the mort. is paid off. Many are paying off other debt.

Are you a:	I have been a reverse mortgage counselor for	I provide counseling to	1. What factors are most important to consumers in deciding whether to get a reverse mortgage?	2. What factors are most important to consumers in choosing among products? Among other things, comments could address the choice between fixed-rate, lump-sum reverse mortgages and adjustable-rate, line-of-credit or monthly disbursement reverse mortgages.	3a. What do consumers do with these funds?
Reverse mortgage Counselor	5-10 years	10-40 per month	This varies greatly but many consumers are most concerned with how much money they can get. Some are concerned about future security but it seems to be secondary to the amount of funds available. A few are concerned with retaining equity.	Few consumers at this point in time are seeking monthly payments. Many have concerns about adjustable rates and choose the fixed rate regardless of any information provided. There is more concern with getting a fixed rate than with the impacts it will have. Also, when lenders offer reduced fees for this product, consumers believe they are getting more out of it.	Pay off a mortgage, pay off unsecured debt, put it into a deposit account, give to family members, start or support a business venture.
Reverse mortgage Counselor	5-10 years	1-10 per month	Individual goal or need. Preservation of equity for heirs.	Costs - Although there seems to be a big push with lenders for the fixed rate and a lump sum draw, when you tell the borrower intereste will start accruing on the amount of the full lump sum and will erode equity much more quickly they seemed convinced this is the best option because it is what the lender is pushing. Many lenders also tell clients they will waive all fees and costs, when they are really only financing the costs into the loan. It is very difficult to make borrowers understand they are financing the costs and the lender is not waiving their fees.	Some need the money to pay off an existing mortgage, some want to pay off other debt, help children, etc.
Reverse mortgage Counselor	1 to 5 years	10-40 per month	Understanding alternatives to a HECM	Understanding credit line growth. Some borrowers think the future credit line value correlates to the future value of their home or don't trust that the credit line will be there for them in the future.	Bank them.
Reverse mortgage Counselor	5-10 years	1-10 per month	Property disrepair, unpaid property taxes, medical care for spouse or self, medical bills, credit cards-unsecure debts and choose not to file bankrupty, helping children and their families who are going through a difficult financial time and or trying to begin a business...	a print out of the different type of shedules for explaining and comparing the differences in short and long term equity depletion and or savings. Many elders live right at the poverty line and may choose the monthly disbursement to suppliment the budgets for foods, medicines, bills... the wealthy group tend to refer the line-of-credit espicially when the purpose for the reverse mortgage was home disrepair. (While some counties have extensive home repair programs, not all do. ...	Most of the low income families we worked with took monthly dispersements to suppliment their income after paying for home repair, credit cards, medical bills, real estate taxes, funeral planning...

Are you a:	I have been a reverse mortgage counselor for	I provide counseling to	1. What factors are most important to consumers in deciding whether to get a reverse mortgage?	2. What factors are most important to consumers in choosing among products? Among other things, comments could address the choice between fixed-rate, lump-sum reverse mortgages and adjustable-rate, line-of-credit or monthly disbursement reverse mortgages.	3a. What do consumers do with these funds?
Reverse mortgage Counselor	over 10 years	1-10 per month	financial difficulties cost of loan	Amount of cash needed, especially amount needed immediately. Lender's sales pitch (unfortunately). If client's understand counselor's teaching, line of credit OR line of credit + tenure would be the financially best choice for consumer's who do not need maximum amount avaiallable at the beginning of the loan. Consumers eligible for public benefits would not choose a fixed rate loan that eliminates those public benefits (unless "sold" this product).	pay off mortgage, credit card bills
Legal services paralegal	1 to 5 years	Fewer than 1 per month	repairs/maintenance needed on house, more income or greater cash flow.	interest rates, line of credit, fixed rate interest.	repair/maintain residence, increase money on which to live.
Social Worker			If possible, client's want to remain in their home and receive services.	Fixed rate	Hopefully, use the money for themselves.
Elder advocate			economic need	The number one factor is how fast they can finish the paperwork and get the loan. The counseling is NOT adequate. Other than that, it depends.	1. Home repairs 2. Pay off other debt. 3. Give their family money.
Legal Services Attorney			The consumer's current financial circumstances vs. leaving property for their children	Most clients I have witnessed with reverse mortgages are not sophisticated enough to look into those questions	Most pay off existing debts, a couple have spent the money on vacations and the like
Legal Services Attorney			financial need		pay debts necessary home improvements
Legal Services Attorney			desperation; no other choice: facing foreclosure	Cost of the RM to consurmer upfront!	pay maitntenance cost, replace roofs, taxes, heating systems

Are you a:	I have been a reverse mortgage counselor for	I provide counseling to	1. What factors are most important to consumers in deciding whether to get a reverse mortgage?	2. What factors are most important to consumers in choosing among products? Among other things, comments could address the choice between fixed-rate, lump-sum reverse mortgages and adjustable-rate, line-of-credit or monthly disbursement reverse mortgages.	3a. What do consumers do with these funds?
Elder advocate			Inability to meet everyday expenses based on Social Security and pension income.	Amount of money they will receive upfront.	Replace their lost investments and put it in the bank, (savings account) risk free.
Elder advocate			Whether they can stay home Whether they can qualify Whether the numbers can work	Needs. Many of mine have immediate needs for which they need some cash. Some are temporizing for extra income (so long as the equity line holds out).	Mine usually use them to get the cash to stay at home longer or keep a spouse at home longer.
Independent Living Center	less than a year	Fewer than 1 per month	correct information about how reverse mortgages will affect benefits	affects on benefits and cost of living in our particular area (Santa Cruz CA)	unknown, but some pay medical bills
Housing advocate			what amount of money they can get- it should be how much it will cost and an evaluation if this product is for them, however sometimes the need for money over shadows these points.	choice between fixed-rate, lump-sum reverse mortgages and adjustable-rate, line-of-credit or monthly disbursement reverse mortgages. What happens if I die?	pay medical bills or get medical treatments. get medication
Legal Services Attorney			Avoiding foreclosure. Addressing another financial crisis.	The clients I've worked with have not distinguished between different types of RM's. They either go to their local bank (not very many in most Alaska communities) or get a solicitation and follow-up.	Pay of existing home debt.
Legal Services Attorney			Rising living expenses and insufficient income to meet them - often the result of medical expenses, especially long term care expenses.	Most of my clients choose monthly disbursement because they want the security of having that additional income each month.	Pay living expenses - most typically medical costs such as prescription drugs, in-home care providers, or assisted living for a spouse.

Are you a:	I have been a reverse mortgage counselor for	I provide counseling to	1. What factors are most important to consumers in deciding whether to get a reverse mortgage?	2. What factors are most important to consumers in choosing among products? Among other things, comments could address the choice between fixed-rate, lump-sum reverse mortgages and adjustable-rate, line-of-credit or monthly disbursement reverse mortgages.	3a. What do consumers do with these funds?
Legal Services Attorney			whether they have enough income to pay monthly expenses and a mortgage payment. Whether they have enough equity in their residence to improve the quality of life if they obtain a reverse mortgage	depends on what they need. Sometimes they need to pay off debt and/or a first. Sometimes they need more monthly income. Sometimes they need to repair a residence but do not have the money to do so.	pay off debt.
Court Investigator Involved in Elder Issues	over 10 years	1-10 per month	monthly income, family support, health issues	a wide rage of products that are EASILY understood	day to day / long-term expenses
Legal Services Attorney			Supplementing their income		Not sure, but for those that come through our doors its gone.
Legal Services Attorney			It varies from client to client.	I am not really sure	It varies from client to client.
Elder advocate			Not having to transfer the property to the bank or another third party as if they are losing control	lump sum and lines of credit	Pay for caregiver expenses to remain home and for some trips to see family members.
Consumer			The amount of cash they can access without affecting their medicare benefits.	Easy access to their cash.	Pay utility bills, medical expenses, prescription meds, attendant care, groceries, transportation.
Legal Services Attorney			How much money they will get right away, either in lump sum or monthly.	Whether the money will be used to avoid foreclosure or pay for other monthly expenses.	Pay off debt.

Are you a:	I have been a reverse mortgage counselor for	I provide counseling to	1. What factors are most important to consumers in deciding whether to get a reverse mortgage?	2. What factors are most important to consumers in choosing among products? Among other things, comments could address the choice between fixed-rate, lump-sum reverse mortgages and adjustable-rate, line-of-credit or monthly disbursement reverse mortgages.	3a. What do consumers do with these funds?
Legal Services Attorney			The need for funds and the availability of equity in their home.	For most of my clients, it appears to be the availability of the funds and the ease with which they can obtain the funds - usually they don't shop around and take advantage of late night advertisers on television.	Invest in repairs to their home; use the home to consolidate non-secured debt.
Legal Services Attorney			Whether they have enough income to live off of in retirement years. Whether their home has equity in it. Whether they are pressured into it by reverse mortgage sales persons or others such as relatives and churches.	Unknown	Unfortunately, senior consumers sometimes use this money to "loan" it to friends and relatives, but that money is never repaid. I have also seen seniors use their lump sum to try to make an investment, pay off credit card debt, and to make gifts such as to their church.
Legal Services Attorney			Need to pay bills, rent, etc.	Unclear that consumers understand all their choices.	Pay off creditors.
Legal Services Attorney			level of debt, loss of house, cost of RM	numerous choices on ways can receive money, cost of borrowing, HUD insured, auto payment of taxes/condo fees	pay property taxes, condo fees, extend monthly income to pay monthly bills
Legal Services Attorney			How much money they will be able to get. Eliminating a traditional mortgage payment. Making repairs to property.	Lump sum amounts. Using a lender they know & trust.	Repayment of traditional mortgage. Home repairs/improvements. Paying off old delinquent property taxes. Resolving a pending foreclosure.
Elder advocate			Whether the HECM will achieve whatever emergency need there is - my clients are usually getting a HECM to stave off foreclosure (I work in legal services).	I don't think my clients look at any of these factors at all - they're looking to get a HECM to stop a threatened action and will take it on whatever terms are being offered.	It's not often in my cases that clients get lump sum payments, but in the few cases I've seen clients put money in the bank to pay for repairs, real estate taxes, or meet other immediate financial needs.
Legal Services Attorney			fees, amount of proceeds, heirs being able to refinance, living expenses	amount of proceeds	pay for living expenses, help children and family members, medical costs

Are you a:	I have been a reverse mortgage counselor for	I provide counseling to	1. What factors are most important to consumers in deciding whether to get a reverse mortgage?	2. What factors are most important to consumers in choosing among products? Among other things, comments could address the choice between fixed-rate, lump-sum reverse mortgages and adjustable-rate, line-of-credit or monthly disbursement reverse mortgages.	3a. What do consumers do with these funds?
Legal Services Attorney			Not having to pay a monthly mortgage payment.	My clients have not had a choice of products. They sought counseling because of problems paying bills including mortgage and were offered reverse mortgage. They did not shop around for rates. Most choose the product that would solve their immediate need for cash.	Pay off bills and make needed repairs to the home.
Adult Protective Community Worker with the state	5-10 years	Fewer than 1 per month	As I conduct investigations my knowledge of reverse mortgages is not always positive. Many of the clients that I see have obtained reverse mortgages because the client needs money for home repairs, outstanding bills, and unfortunately at times because family/ friends convince the client to get the mortgage to give the family/ friends money.	Most of my client choose the lump-sum reverse mortgage so that they are able to receive money right away. Many clients do not have a full understanding of what a reverse mortgage is and are often disappointed when they realize that due to the reverse mortgage family is unable to inherit the family home.	home repairs, pay off outstanding bills, give money to family/ friends/ alleged perpatrators
Elder advocate			income or lack of -wanting to stay in their home as long as possible	rates and monthly amount	stay in their home, fix up the home, pay for care in the home
Legal Services Attorney			Being able to afford to stay in their home Being able to provide shelter for their family members	protection of entitlement benefits (SSI) protection of assets from unsecured creditors	to pay off debts; pay past dues taxes; to repair the property
Elder advocate			need and costs	cost/rates	pay back bills (taxes) purchase home for income
Elder advocate			Perceived options after consumer is no longer able to remain in the home; presence of heirs/family support.	financial savvy	home maintenance/improvement; living expenses
Legal Services Attorney			Affordability - reducing debt; current risk of foreclosure; home maintenance issues	Most are less concerned about cashing in on equity. A few are, but the ones we see are more concerned about saving their home.	Home improvements

Are you a:	I have been a reverse mortgage counselor for	I provide counseling to	1. What factors are most important to consumers in deciding whether to get a reverse mortgage?	2. What factors are most important to consumers in choosing among products? Among other things, comments could address the choice between fixed-rate, lump-sum reverse mortgages and adjustable-rate, line-of-credit or monthly disbursement reverse mortgages.	3a. What do consumers do with these funds?
Legal Services Attorney			How much they can get in funds and keeping their home. they are not properly informed of the hidden costs involved which reduces he amounts they receive. receive	I think the adjustable rate models confuse them to the point of not caring.	Home repairs and pay off debt. Family members also take advantage of the seniors and use the money for themselves.
Legal Services Attorney			There is no competitiveness in the market I do not recommend these to cleints.	There is no variety in the products available.	waste them
Attorney/elder advocate/consumer advocate	less than a year	Fewer than 1 per month	Financial crisis - in my experience seniors obtain reverse mortgages because they have a medical bill crisis, repair crisis (e.g. roof repair), shopping addiction to stave off loneliness, etc.	Depends on the need. If the need is for a major repair to the home, or huge medical bill, they may opt for lump sum. If the problem is a shopping addiction, they will opt for monthly disbursement. They also tend to accept whatever terms the lender can talk them into, e.g. ARMs rather than fixed rate.	Pay medical bills, make home repairs.
Elder advocate			The cost and the purpose.	The cost and the purpose.	I don't know.
Former senior legal services manager; office did RM counseling, formal and informal	over 10 years	Fewer than 1 per month	Primary motivator is usually a need for more money, whether monthly income, lump sum (most commonly to pay off a mortgage) or both.	With good counseling, all those factors are carefully considered and the best match made -- if any. Too often, however, inadequate counseling leads to poor choices.	In the past few years, many needed all they could get to pay off unaffordable mortgages. I would love to see a careful study of how many that is and how many were led toward fixed rate loans by lenders simply because they're more profitable.
Consumer	5-10 years	more than 40 per month	The proceeds they will receive from the RM. Payoff the lien on their property.		
Legal Services Attorney			financial need	most of my clients are driven to accept whatever is offered and are low income, not likely to examine the fine print	help family members, supplement living expenses
Legal Services Attorney			closing costs and financial need are the main factors and the ability to no longer have a monthly mortgage payment is a relief to them	the flexibility of how the loan can be disbursed, fixed rate is preferred because this is what they are used to relying on when figuring costs	pay for medical costs, live on to supplement their retirement income needed home repairs

Are you a:	I have been a reverse mortgage counselor for	I provide counseling to	1. What factors are most important to consumers in deciding whether to get a reverse mortgage?	2. What factors are most important to consumers in choosing among products? Among other things, comments could address the choice between fixed-rate, lump-sum reverse mortgages and adjustable-rate, line-of-credit or monthly disbursement reverse mortgages.	3a. What do consumers do with these funds?
Legal Services Attorney			The availability of cash, the ease of getting a reverse mortgage, an existing mortgage that has become too burdensome, advertising	I do not have the sense that my clients have shopped for reverse mortgages. I wish I could say that they have, but I think they are highly persuaded by advertisements.	Make home repairs, pay off exisitng mortgages, pay off exisitng credit card debt, provide funds for children/grandchildren
Legal Services Attorney			That the consumer is guaranteed the right to stay in their home for life.	Most Long term financial stability.	1. Pay off secured debt. 2. Put aside a nest egg for future problems. 3. Foolishly invest to make a profit.
Legal Services Attorney			We see clients who are in crisis and need RMs to pay off mortgage or tax lien foreclosures. Sometimes RMs are used as a source of funds for settlement in deed fraud cases.	My clients almost all choose RMs which give them the largest lump sum payout.	My clients use the funds to pay off tax liens; pay off mortgages, and as a source of settlement funds in deed fraud cases.
Benefits Counseling and Aquisition		more than 40 per month	To make sure they understand all aspects	We deal with consumers when they are looking into benefits such as Medicaid. It is important for them to understand all the ramifications of their decisions.	Paid of loans and outstanding debts
Housing advocate			How Reverse Mortgages affect their disability benefits such as Medicaid, Supplemental Security Income (SSI) and certain public benefits.	How to do a compare of products in deciding which Reverse Mortgage works best or most for them.	Medical debt, other debts, for other personal use with family
Legal Services Attorney			ability to stay in home ability to devise property to relatives		
Elder advocate			Desperation. Client has a house but no other way to pay it off.	Upfront and overall costs and well as extra costs. Fixed rate is a factor as well.	pay off debts
Elder advocate			debts/income	lump sum or monthly distribution	pay debts

3b. Where do consumers place loan money that they do not use immediately? (E.g., in a savings account, an investment account, a certificate of deposit (CD), etc.).	**4a. What proportion of consumers are using reverse mortgage loan funds to refinance a traditional mortgage or home equity loan/line of credit?**	**4b. What proportion of the loan funds are typically spent on paying off an existing mortgage?**	**4c. Do consumers using a reverse mortgage to refinance an existing mortgage typically consider other options first (e.g. moving to a different home or a traditional refinancing)? If not, why not? If so, what factors lead them to choose a reverse mortgage instead?**
savings/bank accounts	Over 50% of the homeowners I talk to are using the reverse mortgage to refinance mortgages/home equity loans.	For what I see, I would estimate at least 80%.	Most of the homeowners I visit with are happy where they are living and do not what to consider moving. Some have considered refinancing, but the concern is they would still have a monthly house payment and they are looking for an option where they do not have to worry about paying a mortgage payment. They understand they still have to pay the property taxes, insurances, and upkeep and that leads into a conversation on how to develop a budget plan for those expenses.
savings	all liens against the property must be paid off, so they cannot refinance, they must eliminate	50%	they do not want to move from their existing home
Checking accounts.	In my experience I have not had any.	I would say in my experience about 70%	I have found that most clients have lived in their homes for 15 plus years and the thought of leaving there homes is just not an option they would want to consider.
Savings account	Most of them	More than half.	Most want to stay in their home for the rest of their lives and want to maintain their independence.
LOC or savings	Do you mean pay off mtg? if so 100%	100%	NO

3b. Where do consumers place loan money that they do not use immediately? (E.g., in a savings account, an investment account, a certificate of deposit (CD), etc.).	4a. What proportion of consumers are using reverse mortgage loan funds to refinance a traditional mortgage or home equity loan/line of credit?	4b. What proportion of the loan funds are typically spent on paying off an existing mortgage?	4c. Do consumers using a reverse mortgage to refinance an existing mortgage typically consider other options first (e.g. moving to a different home or a traditional refinancing)? If not, why not? If so, what factors lead them to choose a reverse mortgage instead?
Savings accounts; checking, CDs. Some invest it.	50%	It can vary a lot, because borrrower balances vary borrower by borrower, so 75% I'm guessing.	Some do, but want to rid themselves of the burden of a monthly payment. Advertising on TV by trusted actors/politicians may sway their opinions to a HECM. Some feel its a hassle to move elsewhere at thier age, so a HECM is easier on them; more convenient.
Savings accoung	0	75%	A small amount looks at other options. Not having a monthly payments is usually the factor leading them to choose reverse mortgage instead.
Savings accounts	about 40%	about 75%	Most of them do not =- becasue they want to stay in their home
Savings for easy access.	75%	85%	Yes they do consider, and some have tried to sell, but in the current market could not.
often in a checking account. Most of the consumers we counsel have no financial education.	do not know	about 75-90%	Most do not want to relocate and cannot afford to do so. Most want to eliminate the monthly notes of a traditional mortgage. They prefer to have more monthly income available for their other needs.
savings account or CD	60%	75%	No, their goal is to continue living in the home eliminating their mortgage debt for affordability of other housing expenses.

3b. Where do consumers place loan money that they do not use immediately? (E.g., in a savings account, an investment account, a certificate of deposit (CD), etc.).	4a. What proportion of consumers are using reverse mortgage loan funds to refinance a traditional mortgage or home equity loan/line of credit?	4b. What proportion of the loan funds are typically spent on paying off an existing mortgage?	4c. Do consumers using a reverse mortgage to refinance an existing mortgage typically consider other options first (e.g. moving to a different home or a traditional refinancing)? If not, why not? If so, what factors lead them to choose a reverse mortgage instead?
I don't know what the actually do but some say during counseling they will place the funds in savings, CDs or investments. Most of my clients usually tell me they are NOT doing a fixed rate lump sum once we go through the adjustable rate choices, creditline features etc. I ask some of them 2 months later what they did and some say they decided after talking with a lender to get the fixed rate lump sum after all.	In the last 2 months about 44%.	My guess is the average is 50-75%	Yes. The depression or the market, the desire to age in place and the trouble of moving lead them toward a RM.
Savings account.	40%	90 - 95%	Usually no, but they do after counseling.
Most plan to "put it in the bank, for now", some have investment plans, even others purchase another home for rental income.	I feel it's about half. I've noticed the younger the borrower(s), the more likely the situation is that paying off a current mortgage is the reason for the RM.	Maybe 20 % to 100%	Few borrowers are willing to consider selling their home. Many because of the market, they are feeling a financial squeeze now and don't have faith in the ability to sell the home (or receive what they feel it is worth). Others have such a reduction in income (younger borrowers who have reduced income) wouldn't qualify for a loan and if they did, may not feel comfortable with the impact the payment would have on their budget.
Savings or CD	Refinance? do you mean Pay off existing Mtg or LOC ?	70%	No. Cant sell existing home even if they wanted to. Cant afford paymnts on refinancing.
savings	None	None	No

3b. Where do consumers place loan money that they do not use immediately? (E.g., in a savings account, an investment account, a certificate of deposit (CD), etc.).	4a. What proportion of consumers are using reverse mortgage loan funds to refinance a traditional mortgage or home equity loan/line of credit?	4b. What proportion of the loan funds are typically spent on paying off an existing mortgage?	4c. Do consumers using a reverse mortgage to refinance an existing mortgage typically consider other options first (e.g. moving to a different home or a traditional refinancing)? If not, why not? If so, what factors lead them to choose a reverse mortgage instead?
No idea	A reverse mortgage pays off an existing mortgage and/or line of credit, it doesn't refinance it. Probably 90% of my clients currently have some debt on their homes.	Depends on age. Younger clients tend to have larger mortgages.	Most of them don't have the income to do an actual refinance. They don't want to move.
Savings account.	Estimate that 70% have at least some mortgage debt to pay off with the reverse mortgage.	Estimate 70%	Consumers are very resistant to discussing other options. Maintaining status quo is the easiest thing to do so they don't want to discuss moving (almost always they mention "what would I do with all my stuff" or "I don't have anywhere to go" and it is difficult to ask them to suspend these notions and look at alternatives with an open mind. Regarding refinancing: VERY few will consider it because they are fixated on idea of "no payment". The number one factor leading them to choose a reverse mortgage is a quick fix and gives them immediate satisfaction. Consumers do not want to dwell on the long-term ramifications - the proverbial bury their head in the sand.
Savings account or a CD	75%	50%	Most clients do not think about alternatives to a reverse mortgage because they are get caught up in thinking just about how much money they can get. Quality counseling is necessary for clients to understand the finacial ramifications on their personal and long term financial situation in they take out a reverse mortgage
People I speak to - very little left over.	Guess - 90%	Varies - could not give a figure	many consider downsizing - but nothing is free. Rents could actually be a lot higher in some cases. Some are afraid they wouldn't even qualify anymore for a forward mortgage because of credit and retirement income since the backs are so strict.

3b. Where do consumers place loan money that they do not use immediately? (E.g., in a savings account, an investment account, a certificate of deposit (CD), etc.).	4a. What proportion of consumers are using reverse mortgage loan funds to refinance a traditional mortgage or home equity loan/line of credit?	4b. What proportion of the loan funds are typically spent on paying off an existing mortgage?	4c. Do consumers using a reverse mortgage to refinance an existing mortgage typically consider other options first (e.g. moving to a different home or a traditional refinancing)? If not, why not? If so, what factors lead them to choose a reverse mortgage instead?
Checking account, savings account, CD. Less frequently in an investment or another property.	I can't give a figure but the proportion has increased significantly in the time that I have been counseling. It seems to be a definite majority.	Oftentimes, most of the funds are used for this purpose. It is less common to see consumers getting a reverse mortgage and paying off a small home equity loan simply because it has to be paid at the time. Most are in need of the reverse mortgage to resolve higher mortgage debt.	Very few consumers are even willing to entertain this discussion. They want to retain their current home because they are attached to it or they feel they will be losing money if they sell in the current market. Some choose a reverse mortgage in the hopes that the market will rebound and they will still gain equity in the home.
Unsure	This is not happening to my knowledge, since the must be the lst mortgage and any other mortgages would be subordinate to the RM.	90 - 100%	I do not believe this is happening.
Checking, savings, CDs. One client was determined to put all the proceeds in one dividend generating stock.	75%	60-75%	Yes - or at least I'm often told they have considered alternatives. Inertia, I think, leads them to consider a reverse mortgage. That and not having to make a mortgage payment. They generally tend to focus on immediate concerns.
Most low-income client were on social security and could not take out lump sum to jeapardize their benefits ...	small amount	40% - 60%	95% of consumers are not willing to consider any option that involves them moing from their homes. Other reverse mortgages that provide short term benefits to homeonwners and later requires them to sell their homes also have a negative impact on the elders, espicially the older that they are.

3b. Where do consumers place loan money that they do not use immediately? (E.g., in a savings account, an investment account, a certificate of deposit (CD), etc.).	4a. What proportion of consumers are using reverse mortgage loan funds to refinance a traditional mortgage or home equity loan/line of credit?	4b. What proportion of the loan funds are typically spent on paying off an existing mortgage?	4c. Do consumers using a reverse mortgage to refinance an existing mortgage typically consider other options first (e.g. moving to a different home or a traditional refinancing)? If not, why not? If so, what factors lead them to choose a reverse mortgage instead?
Savings account or CD. Counselors explain that the larger the amount of money used in this way, the more costly this is to them financially. Clients who comprehend this are likely to choose a variable rate (with a line of credit) instead.	70%	varies widely, nothing typical	Very few. Perhaps they would not be seeking counseling or a Reverse Mortgage if that were the case.
savings account if they get a lump sum, which we don't recommend, prefer line of credit so they only pay interest on the amount used.	don't know.	don't know.	don't know.
Place it in a savings account or checking account.			
Ckecking/savings	With my clients almost none have traditional mortgages (those already paid off years ago), more than half use the money to pay off home equity loans, however	Uncertain	I do not go into this with clients -- I would note however that about a quarter to a third said they got the idea from TV or a sales pitch seminar
savings			
savings account	Very few.	50%	No because the market is so bad; My clients are all elderly & do not want to move. This is the hosue they want to die in. Nothing out there is affordable. There is no decent low- moderate income hosuign available.

3b. Where do consumers place loan money that they do not use immediately? (E.g., in a savings account, an investment account, a certificate of deposit (CD), etc.).	4a. What proportion of consumers are using reverse mortgage loan funds to refinance a traditional mortgage or home equity loan/line of credit?	4b. What proportion of the loan funds are typically spent on paying off an existing mortgage?	4c. Do consumers using a reverse mortgage to refinance an existing mortgage typically consider other options first (e.g. moving to a different home or a traditional refinancing)? If not, why not? If so, what factors lead them to choose a reverse mortgage instead?
Savings account at 0%	I do not know of any.	Although elders need to pay off mortgage as part of the funding, I don't know of any who have not owned their homes mortgage free when taking out a RML	Most seniors want to be able to stay in their homes and continue living the lifestyle they are used to and thought they would prior to the collapse of 2008.
Savings or checking	less than 25%	25 - 75%	Most have at least thought about their options. People who go for reverse mortgages usually want to stay at home for as long as possible at whatever cost.
savings account.	very few as refinancing has proven to be difficult- none from our office	do not know for sure	Traditional refinancing requires a cooperative banking system and we do not have that at the moment.
checking acct			
n/a	Almost all that I have seen	Almost all that I have seen	Usually there is a personal tie to the home or difficulty qualifying for a traditional loan
Either in a savings account or just in their checking account.	In the last few years, less than 5% of the seniors I work with are considering reverse mortgages because they lack sufficient equity to make it worth the costs.	Generally speaking, probably 1/3 to 1/2 of the funds.	I think reverse mortgages are usually a first option because they need to free up their income to cover other expenses and because they don't want to have to move.

3b. Where do consumers place loan money that they do not use immediately? (E.g., in a savings account, an investment account, a certificate of deposit (CD), etc.).	4a. What proportion of consumers are using reverse mortgage loan funds to refinance a traditional mortgage or home equity loan/line of credit?	4b. What proportion of the loan funds are typically spent on paying off an existing mortgage?	4c. Do consumers using a reverse mortgage to refinance an existing mortgage typically consider other options first (e.g. moving to a different home or a traditional refinancing)? If not, why not? If so, what factors lead them to choose a reverse mortgage instead?
I do not know	at least half	more than half	yes, but they cannot obtain traditional refinancing. Reverse mortgages are easier to obtain and they are more likely to be able to stay in their homes.
savings / checking accounts		few	yes thay do, monthly income for long term
Unsure	None	Some	Unsure
Bank account			
CD or they don't use it until they need it.	a small percentage	A small percentage, although it seems to be more of a selling point these days.	Yes, but it just depends on their mind set the the sphere of influence regarding the LTC planning.
Bank checking account.	10%	20%	Not really. Usually they don't have sufficient income to qualify for traditional financing loans.
Savings	A	Almost all of my clients fit into this category.	Some just really want to stay in their homes but i think many are not given the whole picture by the broker. They are not aware they could avoid high fees by choosing other options like moving.

3b. Where do consumers place loan money that they do not use immediately? (E.g., in a savings account, an investment account, a certificate of deposit (CD), etc.).	4a. What proportion of consumers are using reverse mortgage loan funds to refinance a traditional mortgage or home equity loan/line of credit?	4b. What proportion of the loan funds are typically spent on paying off an existing mortgage?	4c. Do consumers using a reverse mortgage to refinance an existing mortgage typically consider other options first (e.g. moving to a different home or a traditional refinancing)? If not, why not? If so, what factors lead them to choose a reverse mortgage instead?
I would say savings, but I truly believe my clients use all of their funds quickly.	I'm not sure.	At least 80%	No. As stated, their credit record is poor. The home is usually the only valuable asset.
Savings account, investment account.	Unknown	Unknown	Unknown
Savings account or CD.	Don't know.	Don't know.	Don't know
do not know	do not know	do not know	do not know
Saving account. Although I always counsel my clients to do lines of credit on the Reverse Mortgage and not withdraw money until needed.	Maybe 50% or more of my clients.	Over 50% of the loan proceeds.	My clients are poor. They need their current housing because they can't afford other housing, and the reverse mortgage gives them access to money to resolve problems (unaffordable mortgages, needed home repairs, etc.)
I have limited experience with clients who get HECMs for traditional reasons, but in those cases, I think money goes into a savings / checking account. In the few I've had, the clients were planning to use the money almost immediately to pay for repairs, taxes, meet other immediate financial needs.			
savings account, home storage chest	0%	25%	

3b. Where do consumers place loan money that they do not use immediately? (E.g., in a savings account, an investment account, a certificate of deposit (CD), etc.).	**4a. What proportion of consumers are using reverse mortgage loan funds to refinance a traditional mortgage or home equity loan/line of credit?**	**4b. What proportion of the loan funds are typically spent on paying off an existing mortgage?**	**4c. Do consumers using a reverse mortgage to refinance an existing mortgage typically consider other options first (e.g. moving to a different home or a traditional refinancing)? If not, why not? If so, what factors lead them to choose a reverse mortgage instead?**
None of my clients had any extra.	100	100	I don't know.
checking account	I have not seen this occur. My clients have received a lump sum while the rest of the money pays off the current mortgage if there is one.	Often 50% or more.	Most of my clients that own a home will do anything necessary to stay in that home and have a set income leaving it very difficult to pay a housepayment.
savings/bank account			
unknown	most pay off an existing mortgage or line of credit	most pay off an existing mortgage (guessing about 80% perhaps)	many consumers are thrilled with achieving homeownership and are loathe to consider other options. Some only choose reverse mortgage out of fear that they may lose "everything I worked so hard to get."
savings acct	15%	10%	yes
CD			
Savings	I would say a large percentage that we see - at least 90%	Almost all.	Yes, most look at loan modifications first. We have seen a few who see their decrease in other income coming and are aware of the reverse mortgage option, but most are looking at it as a last alternative.

3b. Where do consumers place loan money that they do not use immediately? (E.g., in a savings account, an investment account, a certificate of deposit (CD), etc.).	4a. What proportion of consumers are using reverse mortgage loan funds to refinance a traditional mortgage or home equity loan/line of credit?	4b. What proportion of the loan funds are typically spent on paying off an existing mortgage?	4c. Do consumers using a reverse mortgage to refinance an existing mortgage typically consider other options first (e.g. moving to a different home or a traditional refinancing)? If not, why not? If so, what factors lead them to choose a reverse mortgage instead?
Bank accounts.	low percentage	slightly higher percentage	yes, brokers steer them into reverse mortgages to avoid losing their commission
they use it			
It's more apt to be put in an account that makes the money readily accessible.	Don't know. I've never experienced a case involving a senior that used a reverse mortgage to refinance a traditional mortgage or home equity loan/line of credit.	Don't know.	Don't know. But I have to wonder if the lender is talking them into this sort of thing...
Again, I don't know.			
Don't know. And I think that to answer this question, a true, random survey of borrowers would be needed. Reports from counselors will be anecdotal at best.	Ditto the previous answer. I lot more in the past few years than previously, I'm sure.	Due to the nature of RMs, this is the same as the previous question, isn't it?	Ideally they would consider all options and would choose RM because they are highly motivated to stay in the house, likely able to do so for a considerable time ... and can't afford current or refinanced payments. Again, I'm sure some, perhaps many, make poor choices due to misinformation or confusion. But to get an answer, consumers must be surveyed.
Credit Line			
savings, mattress	n/a for my clients - most qualify with free and clear properties	see above	see above
	50%	75%	yes

3b. Where do consumers place loan money that they do not use immediately? (E.g., in a savings account, an investment account, a certificate of deposit (CD), etc.).	4a. What proportion of consumers are using reverse mortgage loan funds to refinance a traditional mortgage or home equity loan/line of credit?	4b. What proportion of the loan funds are typically spent on paying off an existing mortgage?	4c. Do consumers using a reverse mortgage to refinance an existing mortgage typically consider other options first (e.g. moving to a different home or a traditional refinancing)? If not, why not? If so, what factors lead them to choose a reverse mortgage instead?
I do not know. I do not perceive that my clients save the money.	Probably 20 percent or higher	80 to 100%, in sum cases the existing mortgage will accept 100% as if it were a short sell if the amount is insufficient.	The idea of moving is often overwhelming. There is an emotional attachment to the existing property. Whenever I counsel a client, I always suggest these options, particularly selling the house. Often the client is disabled and does not want to face the physical ordeal of moving. The RM is easier to obtain than other types of financing, for which the consumer may lack sufficient creditworthiness.
Savings.	Most	50% +	Inability to qualify for a traditional refinance. No out of pocket costs. Moving from their, often, long term residence is too unsettling.
NA	Most of our clients are using RMs to payoff mortgages or HELOCS where they are facing foreclosure.	See above	My clients cannot qualify for traditional financing - they are already in default when we see them. They want to keep their home so moving is not an option.
Most use their savings account			
Unknown	Unknown	Some of them.	Yes
checking savings	not sure	most	yes. reverse mortgage usually last resort.

5a. What proportion of borrowers use reverse mortgage loan funds to consolidate non-housing debts?	5b. What proportion of the loan funds are typically spent on consolidating non-housing debts?	5c. What types of non-housing debts are typically consolidated (e.g. credit card, auto, medical-related debt, etc.)?	6a. Why do consumers typically pay off their reverse mortgage loans early?
This would be a smaller portion of the borrowers I visit with. I would estimate 25% or less.	If they are considering using the loan funds to consolidate non-housing debt - I am estimating over 70% of the funds in those cases are used to pay on debt.	credit cards and medical bills	Most of the homeowners I visit with are not considering paying off the loan early. A few are considering paying payments when they can to help retain some of the equity in the home or to make it easier for family to pay off the debt when the homeowner moves out.
almost all	50%	credit cards,other loans,	so there will be equity left for their heirs.
40%	50%	Exactly the ones mentioned here. Credit Cards, Medical bills and personal loans.	I have found that those client who are concerned about leaving the property to their heirs would discuss the options on how to repay the loan more often.
Some of them, maybe 1 in 5.	50%	Credit cards and auto loans	They want to be able to leave the property for their heirs.
70%	50%	Credit Crd Debt mainly	Doubt if any do

5a. What proportion of borrowers use reverse mortgage loan funds to consolidate non-housing debts?	5b. What proportion of the loan funds are typically spent on consolidating non-housing debts?	5c. What types of non-housing debts are typically consolidated (e.g. credit card, auto, medical-related debt, etc.)?	6a. Why do consumers typically pay off their reverse mortgage loans early?
40%	30%	all of the above, including repairs or remodeling, deceased spouses debts, helping out children out of their financial problems.	Unsure.
75%	75%	credit cards, medical related	Death, or want to leave home to heirs
about 25%	50%	Credit card debts, other loans	Moving into assisted living -- passing away - moving in with family
50%	30%-70%	Credit cards and auto loans	As a counselor we do not know when or why they pay off their loans.
about 50%	about 50%	Rarely auto. Primarily credit card, but some medical and some loans. I have not seen any with payday loans. Those are typically a burden on younger consumers.	I have not had anyone who paid off a HECM loan early.
25%	$10,000-$50,000	Credit Cards	selling home to relocate in another area

5a. What proportion of borrowers use reverse mortgage loan funds to consolidate non-housing debts?	5b. What proportion of the loan funds are typically spent on consolidating non-housing debts?	5c. What types of non-housing debts are typically consolidated (e.g. credit card, auto, medical-related debt, etc.)?	6a. Why do consumers typically pay off their reverse mortgage loans early?
I do not have this statistic. My guess is at least 50%. Maybe more.	Less than 25%. (Guessing)	Credit cards, personal and auto loans and medical. Sometimes delinquent taxes or business loans.	My guess is because, though they hope to stay in the home until death they are unable to because of health, financial and/or home maintenance issues.
10 - 15% -- although I discourage that. I encourage using a bankruptcy first.	30 - 40%	Credit cards and auto are the most prevalent. Then medical debt.	No one should be paying off a reverse mortgage early. Bad counseling.
I feel it’s about 15% that have that as one of their reasons for a reverse mortgage.	I'd say about 10%. This is another "monthly expense" that borrowers are thrilled to put to rest.	Credit cards or unsecured loans are the most common, followed by medical (including hearing aids and dental work --- non-medicare covered items) then paying off the balance of the car loan or purchasing another vehicle.	Remember, we counsel borrowers BEFORE they get the reverse mortgage. I don't feel I have enough information to address this question.
40%	50%	Credit Cards, Auto Loans, Medical Bills	Not aware they do, most clients expect to Die in their residence, and relatives don't want home
More than 50%	More than 50%	More than 50%	I have not seen any

5a. What proportion of borrowers use reverse mortgage loan funds to consolidate non-housing debts?	5b. What proportion of the loan funds are typically spent on consolidating non-housing debts?	5c. What types of non-housing debts are typically consolidated (e.g. credit card, auto, medical-related debt, etc.)?	6a. Why do consumers typically pay off their reverse mortgage loans early?
	Maybe 10-15% of my clients have large non-housing debts that they pay off with HECM	Credit cards and car loans	Haven't had anyone do this yet.
Estimated to be a small percentage, less than 10% mention that non-housing debts are the driving force behind considering a reverse mortgage.	Estimated to be a small percentage, maybe 15% - 20%	1) auto 2) credit card 3) medical or other debt	In many cases consumers find it difficult to afford the taxes and insurance on the home.
20% or less	20% or less	Credit card and car loans	Various reasons, including health issues, ability to pay taxes and insurance on the home and deciding to seek alternative housing arrangements such as a retirement community
Guess - 50% Some are embarassed about past financial mistakes - not speciffic about the amount of other debt.	Certainly depends on many factors including how much is actually left over.	Everything - one person even wanted to help their son avoid foreclosure.	I don't know of any who did - unless they moved and had to.

5a. What proportion of borrowers use reverse mortgage loan funds to consolidate non-housing debts?	5b. What proportion of the loan funds are typically spent on consolidating non-housing debts?	5c. What types of non-housing debts are typically consolidated (e.g. credit card, auto, medical-related debt, etc.)?	6a. Why do consumers typically pay off their reverse mortgage loans early?
It doesn't seem that many borrowers are obtaining a reverse mortgage solely for this purpose but those who are seeking a reverse mortgage often are interested in this as a way to reduce monthly expenses and interest costs.	Since this purpose tends to be secondary, it is not usually a very high proportion.	Credit card debts, medical debts, income tax debts, paying off a vehicle and sometimes paying off a loan on another property.	I haven't had experience with this but would suspect that it has to do with a decision (voluntary or not) to move out of the home. It would be nice to think that some who may discover they are not able to keep up with property charges would choose to do this rather than going into default.
We do not keep these stats	We do ot keep these stats	We do not keep these stats	Because they have moved from the home permanently due to health reasons.
60%	20%	Credit cards, medical related.	They move, or perhaps a spouse dies and they use the insurance settlement to pay off debt. It's hard to know because counselors rarely stay in touch with them over a long period of time.
40%-50%	40%	medical, credit cards, family assitance-childen, need a car, need monthly supplimental income, cash	fear of the amount of debt, have to go to a health facility permanently, death ...

5a. What proportion of borrowers use reverse mortgage loan funds to consolidate non-housing debts?	5b. What proportion of the loan funds are typically spent on consolidating non-housing debts?	5c. What types of non-housing debts are typically consolidated (e.g. credit card, auto, medical-related debt, etc.)?	6a. Why do consumers typically pay off their reverse mortgage loans early?
20%	nothing typical, varies depending on debt	credit card primarily	changes in health requiring changes in living arrangements; death or health of spouse
don't know.	don't know.	don't know, probably credit card, medical, auto.	i don't know of any consumers who have paid off reverse mortgage early, especially in this economy. some get reverse mortgage just so they no longer have a house payment.
			My guess is, if they have adult children they want to leave the property to them.
At least half	Uncertain	Medical is the biggest one, credit card or similar debts are second	Uncertain
Not too many of my clients because they are normally judgement proof	see above	see above	Mine don't.

5a. What proportion of borrowers use reverse mortgage loan funds to consolidate non-housing debts?	**5b. What proportion of the loan funds are typically spent on consolidating non-housing debts?**	**5c. What types of non-housing debts are typically consolidated (e.g. credit card, auto, medical-related debt, etc.)?**	**6a. Why do consumers typically pay off their reverse mortgage loans early?**
I don't know.	See 5a.	See 5a.	I don't have proof of that.
50%	50 - 80%	All types, but we almost always see a significant involvement of credit card debt.	Being forced to move from their homes by health reasons.
small	small	credit card, medical, utilities	not familiar with any client paying off a reverse mortgage loan
Most of the consumers I work with did not use the reverse mortgage to consolidate other debts, probably only 10-15%	Of the consumers who do consolidate non-housing debts, those debts probably account for about 10-20% of the total loan.	Credit card and medical.	I have never had a client pay off their reverse mortgage early.

5a. What proportion of borrowers use reverse mortgage loan funds to consolidate non-housing debts?	5b. What proportion of the loan funds are typically spent on consolidating non-housing debts?	5c. What types of non-housing debts are typically consolidated (e.g. credit card, auto, medical-related debt, etc.)?	6a. Why do consumers typically pay off their reverse mortgage loans early?
most of them probably pay off some existing loan	unknown but maybe 20% or moe	all but usually medical	move to other locations i.e., assisted living or nursing homes and the residence is sold.
nfew	few	few	few
A lot	About 25-50%	Credit cards, medical debts	They don't
A small amount	A small amount	Credit cards	Death, transition after a year
10%	10%	medical bills.	Lack of understanding regarding how it works. They see it as a debt like traditional mortgage. Also, there are some that are concerned that the house will not be available for heirs upon their death.
Most of my clients use some of the money to consolidate non-housing debts.	I would say less than one fourth.	Credit card and medical.	My clients do not do this.

5a. What proportion of borrowers use reverse mortgage loan funds to consolidate non-housing debts?	5b. What proportion of the loan funds are typically spent on consolidating non-housing debts?	5c. What types of non-housing debts are typically consolidated (e.g. credit card, auto, medical-related debt, etc.)?	6a. Why do consumers typically pay off their reverse mortgage loans early?
90%	90%	credit card, medical and unexpected expenses involving family matters such as funeral expenses, relocation of a family member in a crisis, small loan companies, etc.	To avoid the loss of the home and to protect the asset for their heirs.
Many do.	Unknown	I have seen many of senior clients obtain reverse mortgages to pay off other consumer debts, such as credit cards or personal loans.	Unknown
Majority.		credit card, medical-related.	Don't know.
			They decide they want to leave an unemcumbered home to thier children
0% I don't let me clients do that.	0%		I wouldn't know.
50%	50%	medical bills, credit card debts, loans	

5a. What proportion of borrowers use reverse mortgage loan funds to consolidate non-housing debts?	**5b. What proportion of the loan funds are typically spent on consolidating non-housing debts?**	**5c. What types of non-housing debts are typically consolidated (e.g. credit card, auto, medical-related debt, etc.)?**	**6a. Why do consumers typically pay off their reverse mortgage loans early?**
100	I don't know	credit card, medical	death of debtor and inability to maintain the residence (repairs and property taxes)
40% or more	30% or more	credit cards, medical bills, vehicle purchase/repair	Many of my clients set up the mortgage so that the client can remain in the home until death.
Most consumers pay off some (at least one) non-housing debt with their reverse mortgage (about 95%)	unknown	credit card, judgments, medical debt, taxes (property and federal)	unexpected death I had one consumer who refinanced out of a reverse mortgage because a mortgage broker (church member) told her that she needed to get out of the reverse mortgage. The mortgage broker put the consumer into a nice predatory loan instead.
30%	30%	credit cards and auto	prefer not to have the dept
We advise against it.	n/a	n/a	I don't know

5a. What proportion of borrowers use reverse mortgage loan funds to consolidate non-housing debts?	5b. What proportion of the loan funds are typically spent on consolidating non-housing debts?	5c. What types of non-housing debts are typically consolidated (e.g. credit card, auto, medical-related debt, etc.)?	6a. Why do consumers typically pay off their reverse mortgage loans early?
high percentage	see above	medical related expenses	I have not seen this happen
	100% in my expereince	food basic needs	they die
Don't know the proportion, but I have seen cases where a senior has large credit card debt, so uses the reverse mortgage to consolidate the debt on various credit cards.	Don't know.	Credit card debt, medical-related debt.	Don't know.
Don't know. They need to be asked.	Ditto.	All of the above.	During the bubble expansion, many refinanced into new RMs as home values rose quickly. Now, I would doubt this happens much. Probably mostly because they decide to move.
about 25%	probably 50-60%	credit card, vehicle, some medical	no info
40%	80%	medical and auto	so the children will inherit the house clear of debt

5a. What proportion of borrowers use reverse mortgage loan funds to consolidate non-housing debts?	**5b. What proportion of the loan funds are typically spent on consolidating non-housing debts?**	**5c. What types of non-housing debts are typically consolidated (e.g. credit card, auto, medical-related debt, etc.)?**	**6a. Why do consumers typically pay off their reverse mortgage loans early?**
I don't know	I don't know	Probably credit card or medical debt	They may become too disabled to live at home anymore. The housing has deteriorated and they cannot afford repairs.
significant	20-30%	Liens on the property: code enforcement; home repairs; credit card, personal loans from family members,	they die
Unknown - we do not assist clients with this.	See above	See above	Unknown
		For the senior poulation it is their Medical debts	
Most	Some	Most of them	Unknown
none that I have seen	none that I have seen	none that I have seen	They don't like debts.

6b. Do consumers anticipate being able to pay off a reverse mortgage at a specific time (e.g. upon receiving a pension or retirement benefit) when taking the reverse mortgage loan?	7a. Does the loan continue to meet borrowers' financial needs 5 or more years after origination?	7b. If borrowers have drawn all of their available funds, what financial resources do they use to meet new or unexpected expenses?	7c. Do borrowers who still have the loan after 5 or more years typically feel that the loan was a good choice? Are there things they wish they had done differently?
Most of the people I visit with are not planning to pay off the reverse mortgage at a specific time. Their plans are to sell the house when they are gone and the money from the sale would take care of the loan.	If the goal was to refinance their existing mortgage and not have the monthly house payment - it does seem to be an option that continues to meed their needs in the long run.	Unfortunately, for the homeowners I have spoken to when the funds are gone, it is a struggle to make ends meet. That is why I try to emphasize when doing a reverse mortgage - have a plan on how you want to use the money - how much do you need each month and how long with the money last at that rate? Concern I have is that some homeowners see the lump sum amount and think it would take forever to run through that much money. But in reality, it does not take that long to spend any amount of money if there is no planning ahead of time.	
no	sometimes	pensions,ss	most yes---some do not keep up their taxes and ins, then face foreclosure
Some clients have mention that once they sell their second property then they would repay the reverse mortgage back and live comfortably within their means.	I find that it depends on the client and it depends on how they received their money. A lot of times clients will return hoping to refinance their exsiting reverse mortgage for more available cash.	Family.	Of the clients that I have spoken to most client who have done it would not change their minds. Some do wish they had read over the loan documents more closely.
Most want to pay it off, but I am not sure how many actually do.	I would say for most consumers, no.	There aren't any.	Most I ahve spoke to say they regret getting the reverse mortgage. they would not have gotten it.
NO	Yes	None	Dont Survey such Clients

6b. Do consumers anticipate being able to pay off a reverse mortgage at a specific time (e.g. upon receiving a pension or retirement benefit) when taking the reverse mortgage loan?	7a. Does the loan continue to meet borrowers' financial needs 5 or more years after origination?	7b. If borrowers have drawn all of their available funds, what financial resources do they use to meet new or unexpected expenses?	7c. Do borrowers who still have the loan after 5 or more years typically feel that the loan was a good choice? Are there things they wish they had done differently?
I feel many let the HECM ride until they pass letting the home's value pay the loan off rather than them paying it off while still living there or paying it off and moving elsewhere.	In most cases I think it continues to meet their financial needs, but don't know this for sure.	They continue to rely on this money that they've taken from a HECM and moved into a CD, savings, or checking account. If they use all this money up, they are strapped to fall back on their income or family/friends to help make-do.	Hard to say; most don't continue to stay in touch after closing on their HECM to know this for sure. FHA could survey these clients to find this out.
No, not many	Most	Savings/ Investments	Not sure
Not really	Typically, they need to have funds available to them for a later time (ie 5 yrs down the road)	In many cases, they are only recieving their Social Security and have to request assistance from family	In some cases, they state they wish they had not gone thru with the reverse mortgage - inflation continues to increase but thier income has not - so it is more difficult to pay for taxes, insurance and maintenance along with everything else they need
No they are not expecting to pay off in their life time.	For most it does. The exceptions would be the ones who become deliquent on taxes and/or insurance due to rising cost of living.	Other assets when applicable.	Most are pleased.
I have not had anyone in that situation. I would counsel them extensively concerning the heavy upfront costs of the HECM.	Yes. Unless they run up more consuemr debt.	Most of our clients would be unable to do so.	Most are happy with it. However, some regret diminishing the estate they will leave to their children.
None	This statistic is currently not available from my counseling.	Social Security Benefits or Retirement Funds	I have not experienced any feedback on this subject.

6b. Do consumers anticipate being able to pay off a reverse mortgage at a specific time (e.g. upon receiving a pension or retirement benefit) when taking the reverse mortgage loan?	7a. Does the loan continue to meet borrowers' financial needs 5 or more years after origination?	7b. If borrowers have drawn all of their available funds, what financial resources do they use to meet new or unexpected expenses?	7c. Do borrowers who still have the loan after 5 or more years typically feel that the loan was a good choice? Are there things they wish they had done differently?
The majority tell me they have no intention of paying off the loan. A small percentage (1-3%?) intend to make payments or sell an assets to pay the loan down.	I do not know. I'm guessing it does for at least 85% of the borrowers since we have close to 10% in default. But that may not be true since they could be getting help from family or ???	Some have investments or savings. But the nearly 10% in default let annual costs like taxes, insurance, home maintenance, car maintenance and the like go so they can try to keep up with utilities, food and medicine.	I do not know. We do not have a 5 year follow up plan.
Unknown.	Most, yes.	Whatever they have, including selling things if necessary.	Don't know.
Most do not expect this to happen. I have had a few clients who wanted a reverse mortgage for a short time, they plan to sell their existing home, one had a business that had the balloon payment due in a couple of years. These are the borrowers that need additional discussion about the impact of their decisions and other options they may want to consider keeping in mind things don't always go as planned.	Again, we counsel borrowers BEFORE they get the reverse mortgage. Unless the borrowers return for additional counseling because they are in financial difficulty later, we have no way of knowing if the borrower is having financial difficulty.	People don’t usually expect to use up all the funds. Most say they plan to keep some back for emergencies. The more likely outcome is that if there are two borrowers (a couple) and one passes away, can the surviving person still have the financial ability to live in the property.	See number 7a above...... However, one reason many people want a reverse mortgage is that friends or family have had one and have recommened it. Many of those recommendations are from people who had the loan "years ago" so I'd figure those would be in the 5 or more year group.
No	Depends on amount, suspect 50-60K gone in 10yrs unless they are very prudent. They never stop to think how much 50k is for a 62yr old in good health. 50/20yrs =2500/12=208 per mnth!	They usually don't have any options	Do not Know,do not follow up that long
No	No	They usually fall behind	No

6b. Do consumers anticipate being able to pay off a reverse mortgage at a specific time (e.g. upon receiving a pension or retirement benefit) when taking the reverse mortgage loan?	7a. Does the loan continue to meet borrowers' financial needs 5 or more years after origination?	7b. If borrowers have drawn all of their available funds, what financial resources do they use to meet new or unexpected expenses?	7c. Do borrowers who still have the loan after 5 or more years typically feel that the loan was a good choice? Are there things they wish they had done differently?
NO	Don't have good info about this	Some will refinance their HECM's	Yes. Some wish they had used their LOC more carefully.
In my experience - NEVER	No. By that time they have spent all the funds and complain that now they have "no money and no equity".	Sadly, for the majority of families I talk with, the only financial resource they have left is the help of family, friends or social services.	NO. Many borrowers regret having spent the money and wish that they had 1) sold the home or 2) continued making mortgage payments.
Rarely happens	Difficult to determine as counselors seldom speak with counselors more than 3 months after counseling	Very important issue with low income clients as few if any have any other resources after taking out a HECM	
No. Some ask if it can be paid off early. I don't know of anyone who did.			

6b. Do consumers anticipate being able to pay off a reverse mortgage at a specific time (e.g. upon receiving a pension or retirement benefit) when taking the reverse mortgage loan?	**7a. Does the loan continue to meet borrowers' financial needs 5 or more years after origination?**	**7b. If borrowers have drawn all of their available funds, what financial resources do they use to meet new or unexpected expenses?**	**7c. Do borrowers who still have the loan after 5 or more years typically feel that the loan was a good choice? Are there things they wish they had done differently?**
Not usually.	We don't usually have interactions with these borrowers unless they have defaulted on property charges. In which case, no the loan does not continue to meet the borrowers' needs.	Some seek employment, obtain benefits or get help from family members. Too often, they find themselves falling deeper into debt/default.	Again, we only see this from the perspective of those who have defaulted on property charges. While some still believe it was a good decision, many think it was a mistake for one reason or another.
Most of the borrowers I talk to aren't anticipating paying off the loan at a specific time.			
Rarely	Don't know	Don't know	Don't know, unless they default over taxes or insurance. Then they are generally not satisfied.
No. Most believe that they are entitled to the equity because they have already paid years on their mortgage..	More so than not. Some come back for help with continue housing issues, a high volume continue to default on taxes, homeowners insurance and other may have suprise bills such as dealth of a spouse need for a car ...	Some homes are foreclosed when property taxes and homeowners insurances are not paid, some get help for various community groups, especially with home repairs, some community have little funds and so elders struggle with their expenses and cut off other needs funds for medicine, food (some folks refuses to access food pantry and or ask for help, especially the eldest ones - 85 years plus...	Few people are willing to answer follow-up survey espically when no more assistance is available to them. Most are satisfied that they are still in their homes - that is always the most important thing you hear.

6b. Do consumers anticipate being able to pay off a reverse mortgage at a specific time (e.g. upon receiving a pension or retirement benefit) when taking the reverse mortgage loan?	7a. Does the loan continue to meet borrowers' financial needs 5 or more years after origination?	7b. If borrowers have drawn all of their available funds, what financial resources do they use to meet new or unexpected expenses?	7c. Do borrowers who still have the loan after 5 or more years typically feel that the loan was a good choice? Are there things they wish they had done differently?
almost never	yes	most would not be able to continue in their home; some will have planned for this, most not.	yes
not usually.	don't know.	don't know.	don't know.
I have not seen that	If they take it as an equity credit line, then it can, for lump sum payments, I have not seen one that continues to meet the needs	I only had one with this situation and that person tried unsuccessfully to get alternate loans	It is mixed, depending on their financial circumstances at that later time
Ditto	no	none	it was too expensive

6b. Do consumers anticipate being able to pay off a reverse mortgage at a specific time (e.g. upon receiving a pension or retirement benefit) when taking the reverse mortgage loan?	7a. Does the loan continue to meet borrowers' financial needs 5 or more years after origination?	7b. If borrowers have drawn all of their available funds, what financial resources do they use to meet new or unexpected expenses?	7c. Do borrowers who still have the loan after 5 or more years typically feel that the loan was a good choice? Are there things they wish they had done differently?
Most elders who take out reverse mortgages are no longer working and do not have a pension or retirement benefits.	I don't know	I don't know	I don't know
Upon vacation of home.	If our people are still at home, their financial needs by that time again begin to outstrip their financial resources and the help they obtained from the reverse mortgage.	Denial. Magical thinking. Some will again build up their credit card debt until it is maxed out.	The primary regret we hear isn't with the choice to do a reverse mortgage or with the choice of reverse mortgage options. The primary regret we hear is that the clients didn't have more resources or equity to continue tapping.
no - never - clients either don't care what happens to their home after they die or hope that the family will be able to re-finance	if alive, yes	social security, other retirement	Usually no regret by borrowers - it's their spouses (if not on the loan) or other surviving relatives that have regrets
No. All of my clients anticipated that the loan would be paid by selling their home upon their death.	Yes; unless the senior and spouse both have to enter nursing home or assisted living.	At that point we advise borrowers regarding being "judgment proof" and/or regarding bankruptcy.	Seniors who are still living in the home did feel that the loan was a good choice. Seniors who were forced to sell in a down market because they had to move into nursing home or assisted living were very unhappy with having done a reverse mortgage.

6b. Do consumers anticipate being able to pay off a reverse mortgage at a specific time (e.g. upon receiving a pension or retirement benefit) when taking the reverse mortgage loan?	7a. Does the loan continue to meet borrowers' financial needs 5 or more years after origination?	7b. If borrowers have drawn all of their available funds, what financial resources do they use to meet new or unexpected expenses?	7c. Do borrowers who still have the loan after 5 or more years typically feel that the loan was a good choice? Are there things they wish they had done differently?
not usually	I do not think borrowers who refinance with reverse mortgages ever anticipate 5 years into the future. probably, they are ok if their income meets their monthly needs. Otherwise they end up moving and then selling the residence.	sell assets if any.	yes, but not always. Frequently they have buyer's remorse because they realize the loan will eat up the full value of the residence and they will not have anything to leave to their children. However, the availability of reverse mortgages helps them live in their home a lot longer than otherwise.
no		thay typically have no other options	they feel they are up against a wall and have little if any choice in the matter
No	No	They use whatever funds they have left, if any	No. Every single person who has come to our office with a reverse mortgage has regretted ever doing it. They do not manage the money wisely and it goes faster than they thought. Worse is when they can no longer afford the taxes and insurance and get foreclosed or they have an extended hospital or nursing home stay and default on the RM. The only thing they say they'd do differently is not taking out the loan in the first place.
No	Yes for long term care needs	That may be a time to move out of their home	Good choice
Some may, out of lack of understanding of how it works.	Yes.	Family and social security.	yes they see it as a good choice because of the access to the money.
No.	Quite often not.	Part time jobs or retirement and social security.	Clients I have seen have run out of money and wish they had not paid such high fees but had chosen some other option so they would have more to live on.

6b. Do consumers anticipate being able to pay off a reverse mortgage at a specific time (e.g. upon receiving a pension or retirement benefit) when taking the reverse mortgage loan?	7a. Does the loan continue to meet borrowers' financial needs 5 or more years after origination?	7b. If borrowers have drawn all of their available funds, what financial resources do they use to meet new or unexpected expenses?	7c. Do borrowers who still have the loan after 5 or more years typically feel that the loan was a good choice? Are there things they wish they had done differently?
I don't know. I suspect that they may be true but most of my clients have no additional income that is expected.	No.	They borrow from adult children; they rent out rooms in their homes; they return to work.	None of my clients have ever felt the loan was a good choice, but again they made the choice without the benefit of legal counsel and usually come in only after meeting the obligation becomes a problem.
Unknown	Unknown	Unknown	Unknown
Don't know			
	sometimes	our clients have no other available funds	They do not think it a good choice if they use up the proceeds and did not plan for payment of property taxes and upkeep of home.
No. My clients' plan on letting the reverse mortgage foreclose after they pass away.	I don't know.	unknown - but my clients are poor, so they never have "resources"	Haven't heard any complaints
no	NO	continue to borrow from othersources, family members	n/a

6b. Do consumers anticipate being able to pay off a reverse mortgage at a specific time (e.g. upon receiving a pension or retirement benefit) when taking the reverse mortgage loan?	7a. Does the loan continue to meet borrowers' financial needs 5 or more years after origination?	7b. If borrowers have drawn all of their available funds, what financial resources do they use to meet new or unexpected expenses?	7c. Do borrowers who still have the loan after 5 or more years typically feel that the loan was a good choice? Are there things they wish they had done differently?
No	Yes	My clients have had no other resources	My clients have not had good experiences.
My clients are elderly and/or disabled. They have no intent to pay off the loan prior to death.	Not typically.	Clients live off of their set income, borrow from family/ friends, title loans.	Some of my clients later wish that they had not taken out the loan. Family gets upset that the loan is set up for the house to be sold by the bank upon the client's death. Most of my clients' home is paid in full prior to the loan.
no		usually can't met the new/enexpected expenses	mostly feel its a good choice
Not my clients. Usually, they are maxed out as far as their incomes are concerned. My clients are in until the finish line	Generally but... I find that some consumers start to over-spend again 9after getting a reverse mortgage) and sometimes they fall behind on taxes because they have overspent.	some get credit cards and use those and then they pursue a bankruptcy to wipe it all out.	unknown at this time
no	yes	none	unknown
I don't know			

6b. Do consumers anticipate being able to pay off a reverse mortgage at a specific time (e.g. upon receiving a pension or retirement benefit) when taking the reverse mortgage loan?	7a. Does the loan continue to meet borrowers' financial needs 5 or more years after origination?	7b. If borrowers have drawn all of their available funds, what financial resources do they use to meet new or unexpected expenses?	7c. Do borrowers who still have the loan after 5 or more years typically feel that the loan was a good choice? Are there things they wish they had done differently?
no	No	they do not have alternative resources	no
no	no	they file bk	no
Don't know.	No - if the senior has a shopping addiction, has medical bills and/or home repair bills that keep piling up, eventually financial needs cannot be met.	In the case of one of my clients, she induced a heart attack and died rather than face losing her home.	Most of my clients felt they had no other choice, not necessarily that it was a good choice, but that it was their only choice.
Could be; I never heard of it, though. Most we counseled expected to keep them.	If it was a smart move, then almost always yes.	Whatever they can -- it varies -- or they lose the house.	Most I've spoken to do, and earlier surveys I've seen seem to bear this out.
upon transfer of title - ie, death	no	relatives if possible, someone moves in to share expenses or they contemplate sale loss of home	insufficient data
no	yes	social secuirty, medicaid, children contributions	yes

6b. Do consumers anticipate being able to pay off a reverse mortgage at a specific time (e.g. upon receiving a pension or retirement benefit) when taking the reverse mortgage loan?	7a. Does the loan continue to meet borrowers' financial needs 5 or more years after origination?	7b. If borrowers have drawn all of their available funds, what financial resources do they use to meet new or unexpected expenses?	7c. Do borrowers who still have the loan after 5 or more years typically feel that the loan was a good choice? Are there things they wish they had done differently?
My low income clients do not expect to be able to pay off the RM without selling the property	Sometimes. Your question begs for more knowledge than I have. I see RM foreclosures, so obviously it sometimes does not work out.	They may be able to access neighborhood renovation funds, such as weatherization.	I only see the unhappy people, but I know that some clients have had positive experiences.
no	unknown	credit cards	depends on whether they were prevailed upon by mislogic or family members to spend the cash out they took for a nest egg. If it was spent they have nothing to show for the loan and wish they had done differently. If they have had the strength and foresight to hold on to the cash out, they still feel good about the loan.
Unknown	Recently we have seen an increase in RM foreclosures because the borrowers do not have any RM funds to pay taxes and insurance and the borrowers' income is not sufficient.	The borrowers we see do not have any other resources to meet new or unexpected expenses.	Unknown
Yes some of them.	Yes	None	Some of them. Lack of awareness of exploring options to determine one that fits them mostly base on financial need
Not usually.	I don't know. I don't have any such clients.	I don't know. I don't have any such clients.	I don't know. I don't have any such clients.