

IMPORTANT NOTICE TO REVERSE MORTGAGE LOAN APPLICANT

A REVERSE MORTGAGE IS A COMPLEX FINANCIAL TRANSACTION. IF YOU DECIDE TO OBTAIN A REVERSE MORTGAGE LOAN, YOU WILL SIGN BINDING LEGAL DOCUMENTS THAT WILL HAVE IMPORTANT LEGAL AND FINANCIAL IMPLICATIONS FOR YOU AND YOUR ESTATE. IT IS THEREFORE IMPORTANT TO UNDERSTAND THE TERMS OF THE REVERSE MORTGAGE AND ITS EFFECT.

BEFORE ENTERING INTO THIS TRANSACTION, YOU ARE REQUIRED TO CONSULT WITH AN INDEPENDENT LOAN COUNSELOR. A LIST OF APPROVED COUNSELORS WILL BE PROVIDED TO YOU BY THE LENDER.

SENIOR CITIZEN ADVOCACY GROUPS ADVISE AGAINST USING THE PROCEEDS OF A REVERSE MORTGAGE TO PURCHASE AN ANNUITY OR RELATED FINANCIAL PRODUCTS. IF YOU ARE CONSIDERING USING YOUR PROCEEDS FOR THIS PURCHASE, YOU SHOULD DISCUSS THE FINANCIAL IMPLICATIONS OF DOING SO WITH YOUR COUNSELOR AND FAMILY MEMBERS.

You should discuss with the agency counselor the following issues:

- (A)** How unexpected medical or other events that cause the prospective borrower to move out of the home, either permanently or for more than one year, earlier than anticipated will impact the total annual loan cost of the mortgage.
- (B)** The extent to which the prospective borrower's financial needs would be better met by options other than a reverse mortgage, including, but not limited to, less costly home equity lines of credit, property tax deferral programs, or governmental aid programs.
- (C)** Whether the prospective borrower intends to use the proceeds of the reverse mortgage to purchase an annuity or other insurance products and the consequences of doing so.

- (D)** The effect of repayment of the loan on nonborrowing residents of the home after all borrowers have died or permanently left the home.
- (E)** The prospective borrower's ability to finance routine or catastrophic home repairs, especially if maintenance is a factor that may determine when the mortgage becomes payable.
- (F)** The impact that the reverse mortgage may have on the prospective borrower's tax obligations, eligibility for government assistance programs, and the effect that losing equity in the home will have on the borrower's estate and heirs.
- (G)** The ability of the borrower to finance alternative living accommodations, such as assisted living or long-term care nursing home registry, after the borrower's equity is depleted.

This checklist must be signed by the agency counselor, if the counseling is done in person, and by the prospective borrower and returned to the lender along with the certification of counseling certificate. The loan application cannot be approved until this signed checklist is provided to the lender.

I (We) have read and understood the IMPORTANT NOTICE TO REVERSE MORTGAGE LOAN APPLICANT above and discussed checklist items (A) through (G) with a HUD-approved reverse mortgage counselor. I (We) have been provided with a copy of the NOTICE and checklist.

Applicant 1:

Applicant 2:

Applicant 3:

Applicant 4:

HUD-Approved Reverse Mortgage Counselor:
(Signature required if counseling is done in person)

Counseling Session Date: _____