

# OBTAINING A REVERSE MORTGAGE:

## The Dos & Don'ts

### DURING THE APPLICATION PROCESS:

- ▶ **Do** ask questions and talk with your loan officer before making any credit changes.
- ▶ **Do** remember:
  - ◆ Your loan officer may need other documents for your application.
  - ◆ You are responsible for the appraisal cost if the loan doesn't close.
- ▶ **Don't** make any financial changes that could affect your credit report.
  - ◆ Don't stop making payments on existing credit or loans.
  - ◆ Don't apply for new credit.
  - ◆ Don't change jobs.
- ▶ **Don't** start any home improvement projects or remodels.

### DURING THE PROPERTY APPRAISAL:

- ▶ **Do** highlight any upgrades to your property that could increase its value.
- ▶ **Do** provide access to your attic and crawl space if applicable.
- ▶ **Do** remember that an appraised value is not the same as a selling price; the appraised value could be lower.
- ▶ **Don't** tell the appraiser about needed repairs or your goals for repairs or updates.
- ▶ **Don't** ask for a specific appraised value.
- ▶ **Don't** follow the appraiser or pressure for a specific value.

### ALTERNATIVES IF YOU DON'T QUALIFY FOR A REVERSE MORTGAGE:

- ▶ **Do** meet with a financial adviser about budgeting, saving and restructuring your finances
- ▶ **Do** talk with an attorney about bankruptcy options.
- ▶ **Don't** be tempted by offers from debt consolidation companies because they may ruin your credit.

## DURING THE CLOSING:

- ▶ Your loan officer will send a notary to your home.
  - ◆ **Your to-do list:**
    - If all documents are ready early, your closing may be able to be rescheduled for an earlier time, but must occur on the specified closing date.
    - Bring identification and a voided check that includes all the borrowers.
      - Don't include any extra parties on the voided check.

## AFTER LOAN FUNDING:

- ▶ You'll receive a welcome package from your loan servicer within 45 days.
  - ◆ **Your to-do list:**
    - Save the welcome package for future reference.
    - Provide welcome package information to the executor of your estate.
      - Your heirs must contact the loan servicer within 30 days of your death.
    - Inform your homeowner's insurance company about your change in mortgagee; this should have been requested on your behalf.

## FOR TAX AND INSURANCE SET-ASIDES:

- ▶ Property tax bills automatically will be sent to the loan servicer, and they will make payment.
- ▶ Your homeowner's insurance payments will be taken over by the loan servicer approximately 30 days after your loan is fully set up with them.
- ▶ You will receive a welcome package from the loan servicing department within 45 days:
  - ◆ The welcome package signals the loan servicing department has contacted your insurance agent to update the policy in their name.
  - ◆ They will arrange to make future insurance payments.
  - ◆ You may have one more automated insurance payment deducted from your checking account during this transition.
    - After receiving the servicer's welcome packet, double check with your insurance agent to ensure that future automated payments are canceled and the bills will be paid by the servicer.

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