



**September 4, 2013**

## **Counseling of Potential Reverse Mortgage Counseling Clients' Non-Borrower Spouse:**

This message is a reminder to all HUD approved housing counseling agencies that provide or will be providing reverse mortgage counseling which may involve a non-borrower spouse. Mortgagee letter 2011-31, provided guidance that a "non-borrowing" spouse should receive counseling and should execute the counseling certificate as an acknowledgement of their participation in the counseling session.

In situations where there is the potential that one of the spouses will be taken off title or for any other reason will not sign the HECM note, counselors are strongly encouraged to thoroughly explain the implications of removing, or not including, the non-borrower spouse on the HECM mortgage note and deed. It is important that both clients, but especially the non-borrower spouse, know and understand all the future repercussions and consequences of not including both spouses on the title to the HECM loan. One main concern for the non-borrower spouse is when the borrowing spouse passes away and the loan becomes due and payable. More often than not, the surviving non-borrower spouse, who is not on the deed, may not be able to pay the balance due or meet the criteria to qualify for a HECM of their own on the property in order to remain in the property. During counseling, all parties must be made aware that the HECM cannot be assumed by the non-borrower spouse. Counseling sessions involving confirmed or potential non-borrower spouse situations must include a thorough discussion of these financial issues.

Counselors should not hesitate to inquire whether or not the clients have been encouraged by anyone regarding the removal of a spouse from the deed in order to receive a higher loan amount. HUD is concerned that this practice may be encouraged inappropriately. Upon questioning, if a counselor believes that this situation has occurred, they immediately should convey this information to [housing.counseling@hud.gov](mailto:housing.counseling@hud.gov). The e-mail referral subject line should be titled: "Non-borrower spouse". The counselor should ask additional questions of the non-borrower spouse if necessary.

It is also recommended that the counselor get a signed, individual written statement from the non-borrower spouse acknowledging they understand that he or she may have to leave the property upon the death of, or permit change of legal address by the borrowing spouse. Currently HUD does not have a specific format for such a disclosure, but will be developing one in the future. At this point, agencies are encouraged to develop their own format and begin use as of the date of this message. Agencies should make sure they retain a copy in their files. Please contact: [housing.counseling@hud.gov](mailto:housing.counseling@hud.gov) if you have any questions.