



Reverse & Home Equity Conversion Mortgage (HECM) Counseling: What HUD-Approved Housing Counseling Agencies Need to Know

What is a Reverse Mortgage?

A reverse mortgage is a mortgage product that allows homeowners to convert equity in their homes into income that can be used to pay for home improvements, medical costs, living expenses, or other expenses.

There are three types of reverse mortgages:

- **Single purpose reverse mortgage** - Typically offered by state and local government agencies to be used in only one specific way, for example, home repairs.
- **Proprietary reverse mortgage** - A reverse mortgage that is privately insured and generally for higher valued properties.
- **Home Equity Conversion Mortgage (HECM)** - A reverse mortgage insured by the Federal Housing Administration (FHA) for loans within HUD's maximum loan limit. Special requirements apply, including the issuance of form [HUD-92902, Certificate of HECM Counseling](#).

Reverse mortgage counseling services offered by a HUD-approved Housing Counseling Agency (HCA) must be performed by a HUD-certified housing counselor.

While HUD-certified counselors may provide counseling on reverse mortgage default, only

counselors who are HUD certified **and on the HECM Roster** can provide counseling on HECM origination for potential borrowers and issue the Certificate following the completion of one-on-one counseling.

Agencies may also provide general group education on reverse mortgages, but this does not take the place of one-on-one counseling required for the HECM Certificate. There are a few key steps an agency must take to provide reverse mortgage and/or HECM counseling.

Benefits of HECM counseling for HUD-approved housing counseling agencies

- Many agencies receive fees, funding, and grants for providing HECM counseling, supporting operations and outreach efforts.
- Agencies educate seniors about their options, helping them make informed financial decisions and improve community well-being.
- Offering HECM counseling allows agencies to diversify services, appealing to a broader range of clients and funders.
- Engaging with seniors and families strengthens community relationships, fostering trust and ongoing support.
- Providing accurate information helps agencies advocate for consumer protection, ensuring borrowers know their rights and responsibilities.
- Agencies gather valuable insights from clients during counseling sessions, helping to improve services and meet community needs.



Key Responsibilities of an HCA Providing Reverse Mortgage & HECM Counseling

Adding Reverse Mortgage and/or HECM counseling to agency Work Plan

- specify whether the agency provides reverse mortgage default and/or HECM origination counseling, and employ a HECM roster counselor if applicable
- identify the geographic areas served and service methods, including if the agency provides nationwide telephone counseling in accordance with state and local requirements

Addressing method of delivery

- have the capacity to conduct in-person counseling or refer clients for in-person services if requested
- make accommodations for individuals with disabilities
- ensure effective communication with clients
- conduct one-on-one sessions in privacy regardless of method used

Communicating fees and disclosures

- provide clients a disclosure form acknowledging any relationships between the agency and lending institutions
- disclose fees charged that are reasonable, customary, and commensurate with services provided, and maintain a written financial hardship policy. Fees may not be charged for HECM default counseling.
- address limitations on financial and legal advice

Supporting HECM roster counselor certification and compliance

- ensure counselors complete HECM training and certification
- assist counselors in applying for and maintaining active HECM Roster status in FHA Connection
- deploy technology that allows HECM roster counselors to track the results of counseling
- monitor files to ensure counseling is provided in compliance with HECM Protocol

Maintaining client file documentation

- provide clients with required information packet at least one day prior to the counseling session and confirm receipt
- document the reason for emergency counseling, if applicable
- document the client's preferred location, method of communication and any accommodations



Additional Information and Resources

- [HUD Handbook 7610.1 Rev. 6.1](#)
 - Chapter 4 – Reverse Mortgage Housing Counseling
 - Appendix 1 – HECM Protocol
- [SFH Handbook 4000.1 | HUD.gov / U.S. Department of Housing and Urban Development \(HUD\)](#)
- [Home Equity Conversion Mortgage \(HECM\) - HUD Exchange](#)
- [Reverse & Home Equity Conversion Mortgage \(HECM\) Counseling: What **HUD-Certified Housing Counselors** Need to Know](#)
- [How to Become A HECM Roster Counselor Toolkit](#)