



Reverse & Home Equity Conversion Mortgage (HECM) Counseling: What HUD-Certified Housing Counselors 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](#). Homeowners must receive HECM counseling to obtain a HECM loan, as described below.

Benefits of HECM Housing Counseling for HUD Certified Housing Counselors

- Counselors can diversify their offerings, attracting a broader range of clients
- Additional certification elevates the housing counselor's professional standing
- Diverse expertise adds to a counselor's professional development, making them more knowledgeable and valuable in their field
- Engaging with seniors and their families fosters trust and strengthens relationships
- Empowers counselors to advocate for clients, ensuring borrowers are aware of their rights and responsibilities

Counselors can play a vital role in educating seniors and helping them make informed financial decisions.

What is HECM Counseling?

HECM counseling is a type of reverse mortgage counseling, which is defined as independent, expert advice customized to the need of the consumer to address the consumer's housing barriers and to help achieve their housing goals. HECM counseling is provided to potential and current borrowers of HECM loans, and must include certain topics as described in the [FHA Single Family Housing Policy Handbook 4000.1](#), the [HUD Housing Counseling Program Handbook](#), and any housing notices issued regarding HECM counseling.



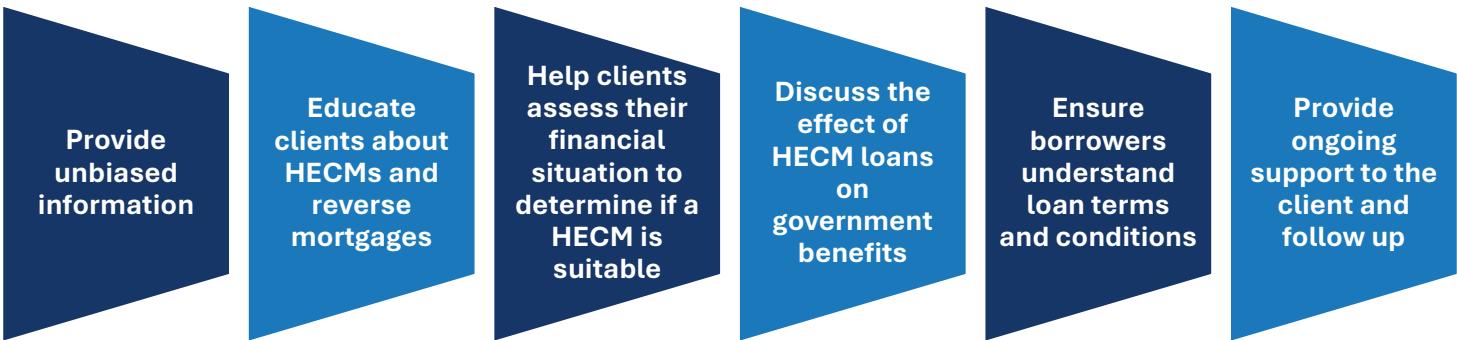
While HUD-certified counselors may provide counseling on reverse mortgage default, only counselors who are HUD certified **and on the HECM Roster** can provide counseling on HECM origination for potential borrowers and issue the [HUD-92902, Certificate of HECM Counseling](#) following the completion of one-on-one counseling.

There are several steps involved in becoming a HECM roster counselor, starting with the key qualifications identified here. For more information on the process, please see the toolkit [How to Become A HECM Roster Counselor](#).

Key Qualifications to Become a HECM Roster Counselor

Work for a HUD-approved HCA	Be a HUD certified housing counselor	Meet HUD exam & training requirements
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Key responsibilities of a HECM Counselor



Counselors must not offer or perform any services that conflict, or appear to conflict, with the best financial interests of the client. In turn, reverse mortgage lenders may not steer, direct, recommend or otherwise encourage a client to seek the services of any one counselor or HCA.

Counselors must educate prospective reverse mortgage borrowers about how to avoid becoming victims of fraud. If the counselor suspects fraud, elder abuse, financial exploitation, or coercion, the counselor must contact the HUD Office of Housing Counseling or HUD's Office of Inspector General and other authorities as required by state or local law. The counselor should provide clients with the elder abuse hotline in that client's state.

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](#)
- [How to Become A HECM Roster Counselor Toolkit](#)
- [Reverse & Home Equity Conversion Mortgage \(HECM\) Counseling: What HUD-Approved Housing Counseling Agencies Need to Know](#)