

## Article - Commercial Law

[Previous][Next]

§12–1207.

(a) On receiving an application for a reverse mortgage loan, a lender or an arranger of financing shall provide a prospective borrower with a written checklist, written in 12 point type or larger, advising the borrower to discuss the following issues with a counseling agency counselor:

(1) How unexpected medical or other events that cause the borrower to move out of the borrower's home earlier than anticipated will impact the total annual cost of the reverse mortgage loan;

(2) The extent to which the borrower's financial needs would be better met by options other than a reverse mortgage loan, including less costly home equity lines of credit, property tax deferral programs, or governmental aid programs;

(3) Whether the borrower intends to use the proceeds of the reverse mortgage loan to purchase an annuity or other financial or insurance product and the consequences of doing so;

(4) The effect of repayment of the reverse mortgage loan on other residents of the home securing the reverse mortgage loan after all borrowers have died or permanently left the home;

(5) The borrower's ability to finance routine or catastrophic home repairs, especially if maintenance is a factor that may determine when the reverse mortgage loan becomes payable;

(6) The impact that the reverse mortgage loan may have on the borrower's tax obligations and eligibility for government assistance programs, and the effect that losing equity in the home securing the reverse mortgage loan will have on the borrower's estate and heirs; and

(7) The ability of the borrower to finance alternative living accommodations, such as assisted living or long-term care, after the borrower's equity is depleted.

(b) If an individual obtains counseling on reverse mortgage loans from a counseling agency before applying for a reverse mortgage loan, the counseling agency shall provide the individual with the written checklist required under subsection (a) of this section.

[Previous][Next]