

HUD REVERSE MORTGAGE HOUSING COUNSELING DISCLOSURE

American Financial Solutions (AFS) is a non-profit Credit and Housing Counseling Agency that provides financial education and counseling to current and potential homeowners or tenants to assist them in improving their housing conditions and in meeting the responsibilities of homeownership or tenancy. AFS is a HUD-approved sub-grantee of the Washington State Housing Finance Commission.

AFS acts as a neutral third-party and does not endorse or recommend any specific product or lender. We are not affiliated with any lender, mortgage broker or real estate professional. AFS has no exclusive, financial, or other relationships with any other industry partners. Although AFS may have resources and/or programs available to assist you in meeting your housing needs, you are under no obligation to utilize such services nor are you obligated to use any of the services or programs that we may suggest or refer you to receive housing counseling services.

AFS provides budget and credit counseling, financial education classes both in the classroom and online, pre-purchase housing counseling, foreclosure prevention counseling, post-purchase housing counseling, loan packaging for USDA RD Sec. 502 and 504 programs, and Home Equity Conversion Mortgage (HECM) reverse mortgage counseling. You are the sole decision maker in determining the best option for you. A counselor may answer questions and provide information to help you make an informed decision, but not give legal, financial-planning, or tax advice. If you want advice about these topics, you will need to seek the assistance of a legal, financial-planning, or tax professional.

As part of this HECM reverse mortgage counseling session, you will be asked for information about your estimated income, resources, and expenses. We do this to help you decide whether a reverse mortgage meets your needs, and to check your eligibility for public programs. We will never disclose this information to your lender or anyone else other than the Department of Housing and Urban Development (HUD) and Washington State Housing Finance Commission for quality assurance and program compliance.

Client privacy is important to us and the counseling services we provide are confidential. At your request, we may provide proof of counseling to the lender of your choice, but we will not disclose any personal financial information.

AFS provides its services without regard to age, race, color, religion, sex, ethnic background, sexual orientation, or disability.

AFS abides by the Americans with Disabilities Act (ADA). Our facilities are ADA compliant. TTY, relay, or other assistive means for persons with hearing impairments are available. AFS will provide ASL Interpreter Services upon request. **AFS provides HECM reverse mortgage counseling by**



telephone and **video conference**, in English. We use an interpreter service to provide telephone or video conference counseling in languages other than English.

Acknowledgment: The undersigned accepts full responsibility for their own decisions in these matters and acknowledges the role of AFS as merely a provider of objective information. By continuing the HECM reverse mortgage housing counseling process, I acknowledge that I have received a copy of this HUD Reverse Mortgage Housing Counseling Disclosure and the AFS Privacy Notice. I further knowingly and intelligently waive any rights or claims against AFS and hereby fully release and discharge AFS from any liability.

Signature:

Date:

REVERSE MORTGAGE COUNSELING FEE POLICY

American Financial Solutions (AFS) charges a reverse mortgage counseling fee to compensate our counselors and cover other agency expenses. While we receive some funding from HUD, it is not enough to fully cover our costs.

Our current fee for a reverse mortgage counseling session is \$200.00. If there is a need for two borrowers to be counseled separately or if additional sessions are required to include family members, there will be an additional fee of \$100.00.

This fee is due at or before the counseling session. We accept debit and credit cards by phone, as well as money orders and cashier's checks by mail. Mailed payments must be received before we can issue a counseling certificate.

Please note, lenders are not permitted to pay the counseling fee directly. If a lender has advised you to request your counselor to bill them, they are referring to the "financed fee" option, which is only available to low-income clients. See below for more details.

Hardship Policy and "Financed" Fees

Clients whose total monthly household income (all sources) is less than 200% of the Federal Poverty Level are eligible to "finance" the counseling fee if desired. If this option was not discussed when you scheduled your appointment, please inform your counselor before the session. Your counselor will need to collect detailed information about your income and assets to determine your eligibility for this option.

Financing the fee means that the fee is paid to AFS when the reverse mortgage is finalized, using your loan funds. It is not paid by the lender. So, it is still your money; it just comes from your loan instead of out of your pocket at the time of counseling.

If you choose to finance the fee and decide not to proceed with the reverse mortgage, or if your application is denied, we will not bill you for the counseling. This means AFS does not receive payment for our services and must use grant funds to cover the counselor's expenses. Therefore, we can only offer the financed fee option to eligible clients.

If your income is higher than the guidelines, but you have a hardship that makes it difficult to afford the counseling fee, please discuss this with your counselor before the counseling session. You will need to write a letter to explain your hardship and request the fee be financed or waived. We will review your current financial situation and notify you of available fee options. These options and the reason for the decision will be noted in your file.



Attachment B.1 Preparing for Your Counseling Session



Preparing for Your Counseling Session

The decision to get a reverse mortgage is an important one. The Department of Housing and Urban Development (HUD) and the Federal Housing Administration (FHA) want to ensure you are able to make an informed decision and that you are able to choose a course of action that will meet your needs. For this reason, housing counseling for HUD's Home Equity Conversion Mortgage (HECM) is required. This counseling must be provided by a HUD certified housing counselor on HUD's HECM Roster.

The purpose of this overview is to provide introductory information on counseling and the HECM program, to help you prepare for your counseling session. After your counseling session, you will have a better understanding of the features of a HECM; the impact a HECM will have on your particular circumstances; and whether services or programs other than a HECM or other reverse mortgage might better meet your needs.

What You Can Expect from Your HECM Counselor

Understanding what to expect from HECM counselors is an important first step in setting your expectations for your counseling session. Remember, only you can decide if a reverse mortgage is right for your situation. The counselor provides information to assist you in making that decision.

1. The counselor is responsible for helping you understand HECMs, its appropriateness to meet your particular needs, and alternatives to a HECM or other reverse mortgage product.
2. HECM counselors will discuss your financial and other needs for remaining in your home, the features of a HECM and how it works, your responsibilities with a HECM, the impact of a HECM on you and your heirs, and the availability of other assistance you may need.
3. The job of the counselor is not to "steer" or direct you towards a specific solution, a specific product, or a specific lender. In addition, HECM counselors are not financial advisors and may not be able to provide you with specific financial advice. Consider talking with a financial or tax professional if you need additional information.

HECM counselors are required to follow specific practices, which are designed to ensure you receive quality counseling services and are protected against fraud and abuse. HUD requires that HECM counselors do the following:

1. Send you required materials (i.e., this packet) prior to your counseling session,
2. Follow established protocols when conducting the counseling session, and
3. Follow up with you after the session has concluded.

What You Can Expect from the HECM Counseling Process

Step 1. Schedule an appointment. The counseling process begins when you schedule your appointment for a counseling session. You must schedule an appointment directly with the counseling agency. Your lender cannot initiate or participate in the counseling session. This session is conducted in person, by live video, or over the telephone; however, HUD advises that, if possible, you meet with your counselor face-to-face to gain greater benefit from your session.

Step 2. The counselor will contact you and send information. Once you have set up an appointment, the agency sends you a packet of information so that you can prepare for your session. It is very important that you read through this packet before meeting with your counselor.

Also, before you begin, you should also know that some agencies charge a fee for counseling; if you cannot afford to pay this fee, you should discuss your inability to pay with the agency at the outset of your session to understand your options.

Step 3. The counselor will collect from you: Your name, contact and other key information, including your interest in obtaining a reverse mortgage, for the counseling session. The more complete information you provide the counselor, the more effective the counseling session can be for you. Counselors tailor their sessions to your specific needs.

Step 4. Counseling session: The counselor will discuss with you your needs and circumstances; provide information about HECMs, reverse mortgages, and other alternative types and sources of assistance that might be available to you. During the session, you will work with the counselor to develop an assessment of your current financial situation using online tools. This will assist you in determining the best course of action. You should be prepared to discuss your income, debts, and expenses. The counselor will also help you learn more about the funds and services in your area for which you may qualify.

Step 5. Certificate of HECM Counseling: Once you complete your session and you and your counselor are comfortable that you understand the essentials of a HECM, the counselor will issue a certificate which verifies for a lender that you have successfully completed counseling. The lender cannot accept an application fee from you until you have provided a signed Certificate of HECM Counseling.

Step 6. Follow up: Your counselors will follow up with you to learn if you need further assistance and to understand the outcome of your counseling session. You may also call your counselor to seek further assistance after your session.

Counseling agencies are required to make reasonable accommodations that may be necessary for individuals with disabilities. If you need a reasonable accommodation related to your HECM counseling, contact the counseling agency with which you are scheduling or have scheduled an appointment.

How a Reverse Mortgage Works

Before you begin your counseling session, it is helpful if you understand a few basics about a reverse mortgage. The following apply to HUD's HECM product. Other reverse mortgage products may have different features.

Generally, reverse mortgages enable homeowners age 62 or older to convert their home's equity into available cash – a lender advances you money (the loan) based upon the equity in your home. The amount of money you are eligible to receive generally depends upon the amount of equity in your home and your age at the time you get the loan. With a reverse mortgage, you remain the owner of your home. You must continue to pay property taxes and homeowner's insurance. You are also responsible for maintaining your home in good condition.

You will not have to repay your loan balance for as long as you live in your home. You can choose to pay off the loan through the sale of the property or prepayment of the loan at any time without penalty. Your estate may retain ownership of the property by paying off the loan balance as determined by the lender.

Types of Reverse Mortgages

There are three types of reverse mortgages shown in the chart below.

<i>Single purpose reverse mortgage</i>	Typically offered by state and local government agencies to be used in only one specific way, for example, home repairs
<i>Proprietary reverse mortgage</i>	Can be used for any purpose and may be suitable for borrowers who may be able to get more funds through a private product or whose reverse mortgage loan or property may not fall within HUD guidelines
<i>Home Equity Conversion Mortgage (HECM)</i>	Can be used for any purpose and is insured by the Federal Housing Administration.

Payment Plan Options

There are several types of HECM loan plans available, including monthly and annually adjusting interest rate loans as well as fixed interest rate loans. Borrowers can decide to take a line of credit with flexible draw down options, a term loan with fixed monthly payments for a specified number of years, a tenure plan with guaranteed payments for life, or a combination of these options, or a single lump sum payment.

Choosing a Reverse Mortgage to Meet your Needs

HECM payment plans are flexible. The best payment plan for you will depend on your current and future financial needs and circumstances. For example:

If you have a small balance on your existing mortgage and would like to pay it off with the reverse mortgage, a line of credit plan would allow you to draw all the funds at loan closing and pay off the current mortgage.

If you know you will have some large health care expenses in the near future and want to have the funds available when needed, a line of credit may also meet your needs.

If you need a set amount of money every month to supplement your income to help meet monthly expenses, then a tenure or term payment plan might be a suitable option for you. Your HECM counselor will discuss your goals for a HECM or other reverse mortgage product with you and will explain the different options available to help meet your needs.

Costs to Obtain a HECM

Costs associated with HECMs are the same as those for “forward” mortgages used to purchase a home. These costs include lender fees to originate the mortgage, servicing fees for ongoing administration of the loan and interest on the money you use from the loan. There are also closing costs, which include all the usual and customary expenses associated with obtaining a mortgage, for example, the appraisal, title searches, and insurance. HECMs also include a fee for FHA mortgage insurance.

Impact on Tax/Social Service Benefits

Reverse mortgage loan advances are not taxable and do not affect Social Security or Medicare benefits. However, you must be careful that any loan proceeds you retain do not exceed the monthly liquid resource limits for Supplemental Security Income (SSI) and Medicaid. You may want to consult a financial professional for additional information.

Alternatives to a HECM or Other Reverse Mortgage

Your HECM counselor will also help you consider options available to meet your needs other than a reverse mortgage. These options include:

1. selling your home and moving to a more suitable residence,
2. renting as well as other financial options, and
3. support services and public benefits that may be available to you in your community.

As with any big financial decision, HUD encourages you to consider all options before you decide on a reverse mortgage. Listed below are resources you can access to learn more about reverse mortgages and elder care.

Consumer Financial Protection Bureau provides information for consumers on reverse mortgages. [Reverse mortgage loans | Consumer Financial Protection Bureau \(consumerfinance.gov\)](https://www.consumerfinance.gov/reverse-mortgage-loans/)

AARP’s web site at www.aarp.org/money/revmort provides more information on reverse mortgages and calculators that will provide general estimates of the amount of money you might receive from a reverse mortgage. You may also contact AARP at 1 (800) 424-3410.

The National Reverse Mortgage Lenders Association provides consumer information at [Your Guide to Reverse Mortgages](#) and can be reached by calling (866) 264-4466.

American Financial Solutions Privacy Notice

FACTS	WHAT DOES AMERICAN FINANCIAL SOLUTIONS DO WITH YOUR PERSONAL INFORMATION?
Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	The types of personal information we collect and share depend on the product or service you have with us. This information can include: • Social Security number, income and employment • Your contact information, including first and last name, mailing address, phone numbers, and email • Credit score, credit card, or other debt information • Account Numbers, account balances, and transaction history
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons American Financial Solutions chooses to share; and whether you can limit this sharing.

Reasons that AFS can share your personal information	Does AFS Share?	Can you limit this sharing?
For our everyday business purposes— such as processing your transactions, maintaining your account(s), reporting to our trade associations, responding to court orders and legal investigations, reporting to credit bureaus, or other day to day operations	Yes	No
For our marketing purposes— to offer our products and services to you	Yes	No
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes— information about your transactions and experiences	No	We don't share
For our affiliates' everyday business purposes— information about your creditworthiness	No	We don't share
For our affiliates to market to you	No	We don't share
For nonaffiliates to market to you	No	We don't share

Questions? Contact Us	Call (888) 282-5494 or go to suggestions@myfinancialgoals.org. American Financial Solutions, 600 University Street, Suite 2409, Seattle, WA 98101. Please note: If you are a <i>new</i> customer, we can begin sharing your information upon your receipt of this notice. When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.
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Who we are:	
Who is providing this notice?	American Financial Solutions (“AFS”)
What we do:	
How does AFS protect your personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
How does AFS collect your personal information?	• From you directly, when you voluntarily provide information over the phone or in person to our credit counselors or on our website when you click the “GET STARTED NOW” link, fill out the “Contact Us” form and click “Send Message” or Live Chat with our support agents at www.myfinancialgoals.org. • From your creditors • From consumer reporting agencies and credit bureaus • From your Internet Service Provider or web servers • When you use our services, fill out an application or open an account with us
Why doesn’t AFS limit all sharing of my information?	Federal law gives you the right to limit only certain types of information • sharing for affiliates’ everyday business purposes—information about your creditworthiness • affiliates from using your information to market to you • sharing for non-affiliates to market to you AFS complies with these legal limits. State laws and individual companies may give you additional rights to limit sharing.

Definitions	
Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. <i>AFS does not share with affiliates.</i>
Non-affiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies. <i>AFS does not share with non-affiliates.</i>
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. <i>AFS does not share for the purposes of joint marketing efforts.</i>

ACCEPTANCE OF PRIVACY NOTICE.

Your use of our services and/or website, including any dispute concerning your privacy, is subject to this Privacy Notice. BY USING OUR SERVICES OR WEBSITE, YOU ARE ACCEPTING THE PRACTICES SET OUT IN THIS PRIVACY NOTICE. We reserve the right to modify this Privacy Notice at any time by posting the changes on our website. Updates will be sent out annually. Please check the effective date at the bottom of this page to determine if the notice has been modified since you last reviewed it. Your continued use of any portion of our website or our services following posting of the updated Privacy Notice will constitute your acceptance of the changes.

EFFECTIVE DATE: January 9, 2025