



Seneca County Office for the Aging

2465 BONADENT DRIVE, SUITE 4
WATERLOO, NEW YORK 13165

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NOTICE TO APPLICANTS For Reverse Mortgage Loans Made under New York State Laws

WHAT ARE REVERSE MORTGAGES?

Reverse mortgages are a type of home equity conversion plan. They are a means of using the equity you have built up in your home as a source of additional income. A financial lending institution will make cash loans to you that will be charged against your home's value. Interest and fees are also charged on these loans. Generally, you do not pay back these loans until you are no longer living in your house or have transferred the title to your house. Depending on the type of reverse mortgage, certain age requirements will apply.

NEW YORK STATE'S NEW LAW

Reverse mortgage loans in New York State are governed by Sections 280 and 280-a of New York's Real Property Law. These laws allow only authorized financial lending institutions to make reverse mortgage loans, provides basic terms and conditions under which such loans must be made, and provide protections for consumers.

INFORMATION YOU MUST RECEIVE BEFORE A MORTGAGE COMMITMENT CAN BE MADE

At the time of application, the financial lending institution offering reverse mortgages must provide you with a statement on the advisability and availability of reverse mortgage counseling services and agencies. The law also requires that no reverse mortgage commitment or approval can be issued by a lender until you have signed either:

1. A statement indicating that the terms of the reverse mortgage loan have been explained to you by a U.S. Department of Housing and Urban Development certified counselor, an attorney or any other reverse mortgage counseling service;

OR

2. An Affidavit that you chose not to use counseling services.

These documents are included with this NOTICE

ALSO INCLUDED WITH THIS NOTICE

- A list of questions to help applicants make decisions about receiving counseling.
- A list of locally available counselors

REVERSE MORTGAGE COUNSELORS PROVIDE INFORMATION AND ASSISTANCE

For most people, their home is their single most important investment. According to the American Association of Retired Persons: "Decisions about the use of home equity are among the most important you will ever make." You will need answers to many questions before you decide if a reverse mortgage is for you. Reverse mortgage counselors provide information about reverse mortgage loans and can answer your questions. Consider these questions-- they may help you decide whether you need additional information from an impartial counselor:

Satellite Office:
2276 County Rd. 139
Ovid NY 14521
(607) 869-2275

Nutrition Program:
6150 Route 96
Romulus, NY 14541
(315) 220-3494

Weatherization Program:
2156 Routes 5 & 20
Seneca Falls, NY 13148
(315) 220-3045



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Which types of reverse mortgages are available in my community?

Not all types of reverse mortgages will be offered in each community. Each lending institution can offer a variety of reverse mortgage plans.

How is interest charged on a reverse mortgage loan?

Interest on reverse mortgage loans is compounded over the life of the loan and paid to the lending institution when the reverse mortgage loan principal becomes due.

Are there additional costs and fees associated with a reverse mortgage?

Besides interest on the loan, there are many other costs associated with taking out a reverse mortgage, such as loan origination fees, mortgage brokerage service fees, application fees, insurance premiums, closing costs, or termination fees. Some must be paid at closing and others may be added to the loan amount.

Is a reverse mortgage the best way to meet my need for additional money?

There are services and benefits other than reverse mortgages that are available for senior citizens, including housing, social services, health and financial options. There are many factors in determining which option is best in meeting your specific needs.

Which type of reverse mortgage is best for me and my spouse?

There are different types of reverse mortgages, including those insured by the U.S. Department of Housing and Urban Development. The specific benefits and risks to a borrower will differ from one type to another.

Is purchasing an annuity as part of a reverse mortgage a good option for me?

In reverse mortgage annuities, your loan is provided by the lender in the form of a monthly payment rather than a lump sum. Depending on your needs and circumstances, this may or may not be a good option.

Will I lose my home if I take an extended vacation, or am temporarily absent from my home due to illness, or don't live there for a period of months?

Reverse mortgage contracts can allow a lender to declare the mortgage to be due and payable immediately if a borrower is absent for a specified period of time or if a borrower fails to take certain actions to protect the property (e.g., pay taxes, maintain the property). Borrowers should be aware of any conditions that must be met to avoid foreclosure.

REVERSE MORTGAGE COUNSELORS CAN HELP

There are community-based agencies that have been certified by the U.S. Department of Housing and Urban Development as reverse mortgage counselors. These counselors are available to explain to you about the different types of reverse mortgage loans, about the benefits and risks for your specific situation, and about other assistance programs that are available to you as alternatives to reverse mortgage loans. Services from these reverse mortgage counselors are generally free of charge.

Other entities or individuals provide reverse mortgage counseling for a fee. These include attorneys, financial advisers, and accountants who have had extensive

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experience in analyzing reverse mortgage instruments. You should also consult your tax, legal or financial advisers, or other appropriate authorities regarding tax and estate planning consequences of a reverse mortgage loan and the effect of these loans on entitlement programs.

REMEMBER - Under the Federal Truth-in-Lending Act, a borrower has the right to cancel any credit transaction that involves a security interest in his or her residence within three days of enacting such a transaction.

COMPLAINTS - A lending institution is required to disclose to each reverse mortgage applicant its toll-free telephone number and the name of a person to whom applicants and borrowers can address questions, comments or complaints. If there is no toll-free number, the lender must state that it will accept collect calls. The lender must also notify applicants that written complaints may be submitted to the NYS Department of Financial Services and provide the address for such complaints .

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