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### **State Launches New Reverse Mortgage Web Site for Seniors**

**BOSTON – August 15, 2008** – With the popularity of reverse mortgage loans on the rise among Massachusetts senior citizens, the Office of Consumer Affairs and Business Regulation (OCABR) and the Executive Office of Elder Affairs (EOEA) today launched a new web site, [www.mass.gov/reversemortgage](http://www.mass.gov/reversemortgage), to provide information and guidance to borrowers about these types of products.

Reverse mortgages are loans that enable senior homeowners, typically 62 years and older, to convert the equity in their home into income. Many seniors turn to these types of products to help supplement Social Security income or pay for unexpected expenses. A reverse mortgage lender typically lends the borrower money based on several factors, including the value of the property, the age of the borrower and the accumulated equity in the home. Borrowers have a choice of various payment options, including a lump sum payment at settlement, monthly installments or a line-of-credit that enables a borrower to draw money when he or she chooses, until the line of credit is exhausted. Repayment on the loan is generally not required until the borrower is deceased or does not permanently reside at the property.

“Reverse mortgages are extremely complicated products and consumers, beyond the required counseling, should make every effort to obtain independent legal and financial advice when considering one,” said Daniel C. Crane, Undersecretary of Consumer Affairs and Business Regulation. “It is important to appreciate the costs associated with these loans and that, over time, the loan will deplete the accumulated equity in your home.”

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“There are many services available for Massachusetts elders who wish to continue to live in their homes. Seniors should contact their local elder service provider at 1-800-AGE-INFO to learn about what programs and services are available before entering into a complex and expensive reverse mortgage,” said Secretary of Elder Affairs Michael E. Festa. “We remind all consumers that, before they close on a reverse mortgage loan, they must get reverse mortgage counseling from an agency that is approved by the Executive Office of Elder Affairs.”

Consumers who are considering a reverse mortgage are strongly encouraged to:

- Review all aspects of the loan – lump sum, term loan, line of credit – to determine if any of these reverse mortgage options are well suited to their needs.
- Obtain independent legal and financial advice to understand the impact of the transaction including any factors that may trigger repayment of the loan.
- Explore alternative products and resources with a reverse mortgage counselor and independent financial representatives. Often the availability of no-cost or low-cost programs and benefits for home repairs and energy assistance can reduce or eliminate the need for a reverse mortgage.
- Understand all obligations under the loan including the responsibility to pay homeowners insurance and property taxes.

Massachusetts Law provides seniors obtaining a reverse mortgage with some unique protections:

- **Mandatory Counseling:** All reverse mortgage borrowers must obtain counseling from a counselor approved by the Executive Office of Elder Affairs. Borrowers are strongly encouraged to participate in face-to-face counseling. “Comprehensive in-home or face-to-face counseling is invaluable to both borrowers and their families,” said Undersecretary Crane.
- **“Cooling off” Period:** Massachusetts law provides all reverse mortgage borrowers with a cooling off period which gives them the right not to proceed with the transaction for seven days after a loan commitment is issued by the mortgage lender.
- **Program Approval:** Massachusetts law requires all reverse mortgage programs to be approved by the Division of Banks. A list of approved reverse mortgage programs is available at [www.mass.gov/reversemortgage](http://www.mass.gov/reversemortgage). “It is important for all consumers who are considering obtaining a reverse mortgage to ensure that their mortgage lender’s program has been approved by the Division of Banks,” said Commissioner of Banks Steven L. Antonakes.

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Len Raymond, Executive Director of Homeowner Options for Massachusetts Elders (H.O.M.E.), an approved reverse mortgage counseling agency in Massachusetts, stated, “A reverse mortgage should be the last resort for seniors. In-depth counseling is critical for any senior who is experiencing financial hardship. While all seniors can benefit by careful long-range planning, they should also be wary of high pressure sales tactics to obtain a reverse mortgage or to use the proceeds of a reverse mortgage to purchase annuities or other financial products.”

Additional information and resources can be found at the new web site [www.mass.gov/reversemortgage](http://www.mass.gov/reversemortgage). Reverse mortgages are complicated products and Massachusetts consumers are encouraged to consult the web site or call the Division of Banks at (617) 956-1500 to address any questions they may have.

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