CLARIFY

Have a question for our servicer?
Email us at information@reversereview.com and your question will be answered in a future issue.

What Happens After a Reverse Mortgage Closes? – Part I

RYAN LAROSE

It's no surprise that forward mortgages differ in many ways from reverse mortgages, and the servicing responsibilities involved in both processes reinforce those differences.

With a forward mortgage, borrowers rarely interface with their servicer and several forward mortgages may be held throughout one's lifetime. With a reverse mortgage, servicing functions for the majority of borrowers will proceed without incident for the life of the loan. For others, phone calls to a service center will initiate shortly after the loan is closed and will continue for the life of the loan. Reverse mortgages will typically be held through the remainder of the borrower's life and through a period of life—retirement and beyond—that is being redefined every day.

A great deal has been written about the origination process of reverse mortgages, and appropriately so. Counselors, loan officers, processors, underwriters and closing/title agents are the first points of contact for the borrower. These first points of industry contact shape the reverse mortgage experience for every borrower. It is the responsibility of these individuals to ensure that the borrower has an understanding of the product, that the origination documents are properly executed, and that everyone is working hard to ensure that borrowers have a pleasant experience.

Let's move forward in the typical life cycle of the reverse mortgage as it is passed to the servicer. The sales and closing process of a reverse mortgage can often take up to six months, sometimes even longer. When the servicer receives a loan after closing it is being entrusted with a valuable asset that will be in its possession an average of seven years. There are multiple touch points that frontline industry professionals will have with borrowers in the origination process, but they are far fewer than the touch points a servicer will have with the borrower over the life of the loan.

These touch points begin with the servicer's initial contact with the new borrower. On forward loans, a call from the borrower may be as brief as 45-60 seconds. Not on the reverse side! In the reverse world, borrower calls can average four to six minutes and it is not uncommon for these calls to go on for 30-plus minutes. In the aftermath of years of turbulence in the housing industry, a senior borrower requires more explanation and more patience, and those of us who service this product understand and accept this responsibility willingly.

Some servicers have found it useful to provide information to new borrowers that answers frequently asked questions and provides them with an overview of their responsibilities once the loan has been closed. This booklet provides new borrowers with a wealth of information, and borrowers can save it for future reference too. In addition to welcoming borrowers to the reverse mortgage experience, servicers will answer all of the questions that arise post-closing, as well as those raised to borrowers by well-meaning relatives and friends. The importance of confidence and sensitivity on the part of the servicer as the borrower moves forward from closing cannot be underestimated and should never be undervalued.

The next installment in June's issue will explore customer service and statement processing. Stay tuned! x

GOING TO THE SOURCE

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