



---

**STATE OF VERMONT**

**Department of Banking, Insurance, Securities & Health Care Administration (BISHCA)**

89 Main Street, Montpelier, VT 05620-3101 Main Number: 802-828-3301 [www.bishca.state.vt.us](http://www.bishca.state.vt.us)

**Paulette J. Thabault, Commissioner**

**Thomas J. Candon, Deputy Commissioner, Division of Banking; Division of Securities**

**BANKING DIVISION NOTICE - Aug. 4, 2009**

**For Reverse Mortgage Counselors:  
Requirements and Application Procedures for Obtaining BISHCA Approval  
to Counsel Borrowers by Telephone**

The following procedures must be used by any reverse mortgage counselor (a "Counselor," including both individuals and companies or other entities) seeking approval from the Vermont Department of Banking Insurance Securities and Health Care Administration (BISHCA) to conduct reverse mortgage counseling by telephone to a Vermont resident, in circumstances that require an exception to the rule that such counseling be conducted face-to-face.

Any Counselor seeking approval to provide reverse mortgage counseling by telephone under the provisions of 8 V.S.A. §10702 shall apply for such approval by forwarding a letter to the Commissioner of the Department of Banking, Insurance, Securities and Health Care Administration, 89 Main Street, Montpelier, Vermont 05620, which letter, at a minimum, shall include the information set forth in Section I through III below. If the Commissioner approves the application, certification shall continue indefinitely until terminated by BISHCA or surrendered by the Counselor.

**SECTION I: GENERAL REQUIREMENTS / PRACTICES COUNSELORS MUST ADHERE TO**

Each Counselor providing reverse mortgage counseling services will be responsible for insuring that the applicant for a reverse mortgage is given all information necessary to make a sound decision in order to solve his/her financial problems. The primary purpose of the counseling will be to determine if the applicant understands the reverse mortgage product and whether there are other resources that could be used by the prospective borrower to improve his/her financial situation without reverting to a reverse mortgage.

Counselors performing reverse mortgage counseling shall:

1. Perform counseling in person in the prospective borrower's home whenever possible;
2. Assist the potential borrower through the application process if it is determined that a reverse mortgage is an appropriate alternative;
3. Provide ongoing monitoring of the borrower's reverse mortgage if needed and whenever possible, and shall maintain a record of all client contacts; and

4. Maintain records on all clients who have been counseled. This includes prospective borrowers who did not receive a reverse mortgage as well as those who did. Each Counselor shall maintain records to determine what alternative was utilized by the prospective borrower.

## **SECTION II: COUNSELOR PROFILE / EXPECTED QUALIFICATIONS**

A Counselor approved to provide reverse mortgage counseling services by telephone must:

1. Be familiar with assistance potentially available to borrowers in addition to reverse mortgages (e.g. real estate tax abatements, exemptions or deferrals, low cost or deferred payment home improvement loans, or available federal or state and local programs providing funding or assistance to elders);
2. Have a proven track record in financial counseling and a demonstrated interest in serving potential reverse mortgage borrowers;
3. Be an approved HUD Home Equity Conversion Mortgage Counseling Agency or must be an employee or volunteer of a HUD Home Equity Conversion Mortgage counseling agency; and
4. Forward an annual narrative report summarizing its activities to the Banking Division of BISHCA on or before February 1st of each year, covering activities from January 1<sup>st</sup> to December 31<sup>st</sup> of the previous year. A copy of HUD Form 9902 (HUD Counseling Agency Fiscal Year Activity Report) or successor form is acceptable as the narrative report. Such report shall include, but not be limited to, the number of prospective borrowers counseled and the number of reverse mortgages executed.

## **SECTION III: APPLICATION REQUIREMENTS**

The following information must be supplied **IN THE LETTER** by Counselors applying for approval to provide reverse mortgage counseling by telephone:

1. Description of applicant's history and current activities, including the types of financial counseling currently undertaken and the volume of each. If the applicant is not currently providing financial counseling for potential reverse mortgage borrowers, show how this capability will be acquired.
2. Description of the applicant's staff and their qualifications, including resumes of those who will be participating in telephone counseling of reverse mortgage loan applicants. If not known, what qualifications will the applicant be requiring?
3. Description of other activities the applicant is engaged in and how these activities are staffed.
4. Description of how the applicant will provide reverse mortgage counseling by telephone to potential reverse mortgage borrowers, including:
  - What intake procedures will be established; and
  - How the program will operate, including, but not limited to, outreach activities and timely response to requests, etc.
5. Proposal for providing ongoing monitoring of applicants who receive a reverse mortgage loan, if needed.