

# How Loan Servicing and Servicing Oversight Help Maximize Reverse Mortgages Value

## Book 2: Annual Occupancy Verification

*An eBook Series from Reverse Market Insight*



*While servicing oversight can help minimize potential losses of inefficient loan servicing, it's first essential to properly educate borrowers at the time of origination. One of the most important areas to focus on is the Occupancy Requirement.*

### How the Occupancy Requirement Benefits Everyone

Establishing and maintaining occupancy is critical to ensuring a smooth and successful reverse mortgage experience for all stakeholders:

- Borrowers can avoid potential default and foreclosure actions
- Servicers can avoid the additional costs associated with defaulted loans including property inspections and foreclosure fees
- Servicers can more efficiently manage the loan and avoid delays in assignment to HUD when the loan balance reaches 98% of the maximum claim amount
- Originators can strengthen their partnership with servicers by providing guidance to the borrower throughout the process

Get expert services and software tools for Servicing Oversight and Portfolio/Asset Management

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## The Power of Establishing Occupancy Requirements From Day 1

The best time to educate borrowers about occupancy requirements for a reverse mortgage is before the loan is even closed. When you help borrowers fully understand their obligations and responsibilities regarding occupancy at the very beginning, you can help avoid unnecessary issues down the road.

Some of the specific ways you can help during origination can be:

- Explaining the annual occupancy certification requirement and timeline during the initial loan application and counseling process
- Informing borrowers that they can designate trusted family members or advisors to be notified about important issues on the account, but that borrowers themselves must complete the annual occupancy certification
- Providing borrowers with the servicer's contact information so they know where to go for help.
- Encouraging borrowers to sign up for the servicer's online portal if available to make occupancy verification even easier
- Emphasizing that lying about occupancy is considered mortgage fraud and a serious offense

Educating borrowers upfront helps ensure they are fully aware of and prepared to meet the occupancy requirements throughout the life of the loan and better able to avoid costly mistakes.

## Occupancy Verification Just Got Much Easier

There are now three ways for borrowers to meet the annual occupancy requirement:

1. Physically mail in the signed certification as always
2. Take advantage of online portals and provide an e-signature which can be even faster,
3. Providing verbal verification on a recorded call from the servicer

To get verbal verification, servicers must:

- Speak directly with the borrower
- Notify them that they're certifying under penalty of perjury that the information they're providing is true and accurate
- Have an authorized Servicing Representative sign the acknowledgement
- Retain a call recording in the loan file in case it's needed for auditing purposes

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## The Advantages of Servicing Oversight for Occupancy Verification

Servicing oversight can help servicers improve their occupancy certification processes in many ways, including:

- Ensuring servicers have processes in place to clearly communicate the occupancy certification requirements to borrowers, including timely reminders and multiple methods of contact
- Verifying that servicers are following HUD guidelines for the occupancy certification process, such as the timeline for sending requests and taking action if a borrower fails to respond
- Reviewing how servicers handle situations where a borrower will be away from the home for an extended period

## Learn How To Minimize Losses In Any Reverse Servicing Portfolio

Upfront education is just one step to effective loan servicing. Portfolio Managers and HECM Issuers holding financial interest are often unaware of how operational inefficiencies can inflate loss severities within their servicing portfolios. RMI's seasoned servicing oversight experts specialized in reverse can provide insights to transform performance, and our cutting-edge software is equipped with business rules designed to appropriately manage these assets. Contact us to learn about Servicing Oversight with Reverse Market Insight at [sales@rminight.net](mailto:sales@rminight.net) or (682) 651-5632.



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## FAQ

### How Do Borrowers Provide Occupancy Verification?

*Once each year, around the time of loan origination, borrowers can:*

- 1. Physically mail in the signed certification*
- 2. Take advantage of online portals if available and provide an e-signature*
- 3. Provide verbal verification on a recorded call from the servicer*

### Who Can Satisfy the Occupancy Requirement?

*The borrower is required to complete the annual occupancy certification; however an appointed legal representative may also complete the occupancy certification. In other words, authorized contacts may not complete the annual occupancy certification.*

### How Important is Honesty about Occupancy?

*Borrowers are certifying occupancy under penalty of perjury that the information they're providing is true and accurate. Lying about occupancy is considered mortgage fraud and a Federal offense.*