

VAELA “UnProgram”  
February 24-25, 2012  
Charlottesville, Virginia

## BREAK OUT SESSION OUTLINE

### **HOME EQUITY AS A RESOURCE: “HECM” IN THE ELDER LAW CONTEXT**

Increasing life expectancies and the associated expenses require that all available assets be at least considered in the planning process. In many cases, the equity in one’s home represents an individual’s or couple’s largest single asset. There are a variety of ways to access the home equity asset, and the federally-insured Home Equity Conversion Mortgage, or “HECM”, is gaining acceptance as a mechanism to monetize a portion of that equity without forfeiting ownership, possession and/or control of the home.

This session will address two aspects the HECM subject: Mechanics and Applications. Because the Mechanics – How It Works - of the program may be researched fairly easily, the majority of the session will be devoted to Applications and sharing among participants of their ideas, experiences and questions about use of the product in an Elder Law planning context.

#### **HECM MECHANICS**

In support of HECM Mechanics and in addition to brief remarks by the session facilitators, participants will be provided with a copy the handbook, “Use Your Home to Stay at Home,” published by the National Council on Aging and adopted by the Department of Housing and Urban Development as their ‘textbook’ for the counseling that is required of every prospective HECM borrower.

HECM Mechanics topics offered for additional discussion will include:

HECM timing – now or later  
HECM SAVER – a lower cost alternative

#### **HECM APPLICATIONS**

In support of HECM Applications, participants will be provided copies of the following:

##### **Reverse Mortgage Estate Planning in the Elder Law Context**

An excerpt from a paper by elder law attorney and VAELA member R. Shawn Majette of the Richmond, VA firm Thompson McMullen which was presented at the Virginia Law Foundation 2011 fall conference.

[Reverse Mortgages and] Medicaid Planning for Married Couples

An excerpt from an informal presentation by elder law attorney Sheryl Herndon of the Richmond, VA firm of White & McCarthy which was made at MCV/VCU in September, 2011.

The Role of Reverse Mortgages in Long-Term Care and Public Benefits Planning

A reprint of an article by attorney and NAELA member Jerry Hyman, Esq, which appeared in The NAELA News, Volume 23, No. 2.

HECM Applications topics suggested for discussion will include:

HECM as a means to enhance current lifestyle

HECM as a means to provide contingency funds

HECM as a means to retain home / maintain lifestyle for a surviving spouse

HECM as a means to retain home / maintain lifestyle for a divorced spouse

HECM as a means to modify an existing home to be “senior friendly”

HECM as a means to right-size into a new, “senior friendly” home

HECM as a means to protect assets for married couples in Medicaid planning

HECM and the Medicaid Recovery Program

HECM as a supplement to non-means tested retirement income sources

HECM as a supplement to means tested retirement income sources

HECM and long term care insurance; acquisition, retention and proxy

HECM as a means to provide a “living inheritance”

HECM as a means to enhance a financial legacy

HECM as an antidote to foreclosure

While expert in HECM Mechanics, the facilitators do not possess the legal expertise to recommend or offer definitive opinion on potential compliance issues associated with some of the HECM Applications that will be discussed. Such decisions will be left to participants who are expert in these matters.

***FACILITATORS:***

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