

## Use of a Power of Attorney to Apply for a Reverse Mortgage

By: Jessica A. Hayes, Esq.

This Weekly Newsletter  
is brought to you by

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A common concern we hear from our clients is the potential for running out of money during retirement. It's difficult to predict financial emergencies, including illness and major home repairs; and for some individuals, they may be just one or two emergencies away from depleting their savings. A couple may find their credit cards with unmanageable balances, or high equity in their home, but very little cash. Likewise, an individual who has lost a spouse, and consequently the spouse's income, may face serious financial setbacks in his or her senior years and may need help keeping up with expenses.

In each of these situations, a reverse mortgage (also called a Home Equity Conversion Mortgage, or HECM) may be a beneficial option, to help free up the equity in a home and provide cash to cover necessary expenses. Use of a reverse mortgage allows a senior to stay in his home while maintaining the standard of living to which he is accustomed. In order to qualify for a reverse mortgage, an individual (or the younger of two spouses) must be at least age 62.

Some individuals in need of a reverse mortgage may be unable to manage their financial affairs, either by reason of incapacity or other disability. Federal law provides, however, that a Power of Attorney may be used to apply for a reverse mortgage on a senior's behalf, so long as several requirements are met. To use a Power of Attorney, the agent (the person named to help manage the senior's affairs) must provide the lender with a copy of the Power of Attorney; the Power of Attorney must be durable, meaning that it will survive the senior's mental and/or physical incapacity; and the Power of Attorney must state that the agent has the authority to encumber, pledge, mortgage, or sell real property. The agent must submit two forms of identification to the lender, along with a letter from the senior's physician, confirming that the senior was competent at the time the Power of Attorney was executed.

The requirement that the senior must have been competent at the time the Power of Attorney was executed can be tricky, however. If the senior received a diagnosis of dementia before signing the Power of Attorney, for example, under current federal guidelines, even if the senior demonstrated that he understood what he was signing at the time that he signed the Power of Attorney, the lender may not accept the Power of Attorney. In such a situation, it may be necessary

## **Use of a Power of Attorney to Apply for a Reverse Mortgage – Cont'd**

to petition a court for the appointment of a conservator before applying for the reverse mortgage.

As estate planning professionals, we strongly recommend that seniors consider creating a Power of Attorney, naming an individual or individuals to assist them in managing their affairs. Because of the federal requirement that the Power of Attorney be signed while a senior is competent, it is of utmost importance that seniors create this document sooner rather than later, and that they do so with the assistance of a licensed attorney.

Hook Law Center's team of experienced attorneys can assist you in creating a Power of Attorney and including the necessary language to help meet your future needs, including applying for a reverse mortgage, if needed. For assistance in creating a Power of Attorney or for more information relating to reverse mortgages, contact the Hook Law Center today.



### **Water Safety for Dogs**

**Hook Law Center:** Kit Kat, what are water safety tips for dog owners in the summer?

**Kit Kat:** Well, the main thing that dog owners should remember during the summer is that it is not good for dogs to drink water from the ocean, lake, or pool. A dog may accidentally ingest some water during the course of swimming in any of the above locations, but try to keep it to a minimum. Water from the ocean is very salty, as everyone knows. However, the amount of salt water a dog can tolerate is much less than a human can tolerate, mainly because of size. Lakes and pools pose some dangers as well. Lake water, according to Dr. Tina Wismer, Medical Director of the ASPCA Animal Poison Control Center, can contain blue-green algae which can be harmful to dogs, if swallowed. Pool water is probably the safest of the waters to accidentally swallow, but not when it has just been "shocked" (treated with chlorine). Always rinse your dog off after swimming to remove any residue from the ocean, lake, or pool waters. You don't want them licking themselves and, thereby, taking in any toxic substances.

Also, the experts recommend that dogs wear a life vest if riding in a boat. Not all dogs are good swimmers. If thrown overboard, they will not have to work so hard while treading water. They come in bright colors, so your dog can be easily located. Another recommendation the experts make is that dogs should wear sunscreen on the areas of their bodies which are not covered by fur--ears, nose, tummy, etc. There are special sunscreens just for dogs. Don't use human sunscreens--they can be harmful to your dog. So have fun this summer and remember these tips to keep your dog safe!

("Keep Your Dog Safe While Making a Splash this Summer," [ASPCA Action](#), Spring Summer 2014, p. 3)

## Upcoming Events

- Andrew Hook will be speaking on Avoiding Elder Law/Care Pitfalls at Churchland House, 4916 West Norfolk Road, Portsmouth, VA 23703 on **Tuesday, June 24, 2014 at 6 p.m.** This event is free and open to the public. For more information, please contact Hook Law Center at 757-399-7506 or Angelia Allen of Churchland House at 757-483-1780.
- Jessica Hayes will be speaking on Hook Law Center's Practice Area's at Westminster Canterbury on **July 1, 2014** at 10:00 am.
- Hook Law Center will be participating in **Senior Advocate's Art of Healthy Aging Series** held at Westminster Canterbury, 3100 Shore Drive, Virginia Beach VA 23451. This series will be held once a month from July through December. **Andrew H. Hook** will be the featured presenter on **Tuesday, August 5, 2014 at 10:00 a.m.** Mr. Hook will speak on Avoiding Elder Law/Care Pitfalls as well as provide an overview of Hook Law Center's Practice Areas. HLC Attorney Jessica A. Hayes and Shannon Laymon-Pecoraro will also provide an overview of Hook Law Center's Practice Areas at the meetings held on **Tuesday, July 1, 2014 at 10:00 am, Tuesday, September 2, 2014 at 10:00 am, Tuesday, October 2, 2014 at 10:00 am, Tuesday, November 4, 2014 at 10:00 am, and Tuesday, December 2, 2014 at 10:00 am.** We look forward to seeing you there!

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