Henry's Reverse Mortgage Becomes His Daughter's Financial Nightmare

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Henry, at 91-years-old, had just been diagnosed with stage IV lung cancer, and given three to six months to live. Henry's assets were placed in a trust and the estate seemed to be in perfect order, except for one last item. The home was in a reverse mortgage. Upon Henry's death, "…what would happen to the home", asked Chrissy, Henry's daughter and executrix of his estate? "Well, that's simple" Henry responded, "…you just throw the bank the keys to the house, and walk away". Ninety days later, after Henry's passing, Chrissy discovered that this was not the case at all.

Keywords: reverse mortgages, senior homeowners, financial planning, insurance, real estate

INTRODUCTION

On July 27, 2001, Henry took out a Home Keeper Reverse Mortgage Loan on the 12-year-old home he jointly owned with his wife, Betty, in Northeast Indiana. Henry and Betty were both widowers and had been married for twelve years. Although payment plans for reverse mortgages with adjustable interest rates allowed for various forms of monthly or intermittent payment options (HUD retrieved 2018), Henry chose a withdrawal known as a full-draw loan (Penzenstadler and Lowenstein, 2019) which allowed him to receive a lump sum payment. He was thus able to receive the full amount from the reverse mortgage immediately. His goal was to buy out Betty's ownership in the home. He was trying to separate their assets because less than a year later, he would file for divorce.

At the time the reverse mortgage was originated, the appraised value of the home was $275,000. Based on various factors such as the number of borrowers, age of the borrower, value of the property and (adjustable) interest rates at the time of the loan, the principal limit (amount of the original loan) was about $123,500. After deducting mortgage insurance, closing costs and the origination fee, Henry received a check for approximately $116,600 which he immediately signed over to Betty. She later signed a quit-claim deed transferring all of her ownership rights of the home to Henry. Betty had her eye on a winter home in Arizona, thus her motivation for giving up her ownership of the home to Henry. She now had enough cash to purchase her dream home in Arizona where she wanted to live year round.

A BRIEF HISTORY OF REVERSE MORTGAGES AND BORROWERS

The first reverse mortgage was extended in 1961 by a lender in Maine which was used to assist a widow in holding on to her home (Penzenstadler and Lowenstein, 2019). The Federal Housing Administration's Home Equity Conversion Mortgage (HECM) program was initiated through the Housing and Community Development Act of 1987. The Department of Housing and Urban Development (HUD) specified the intent of the HECM program was to improve the financial stability of

seniors. For example, monies from the reverse mortgage could be used to supplement Social Security payments leading to a better quality of life, satisfy unexpected medical expenses, or be used to make home improvements (HUD retrieved 2018). The senior home owner was required to meet the following criteria to qualify for the HECM program: was at least 62-year-old, owned the home or had substantial equity in the home, occupied the property as their primary residence, had no federal debt delinquencies, had the resources to pay any property taxes on the home as well as property insurance, maintenance costs etc., and participated in a consumer information session through a HUD-approved HECM counselor. The property must meet HUD and Federal Housing Authority (FHA) requirements, and financial income, assets, monthly obligations and credit history of the senior home owner must all be verified (HUD retrieved 2018). In 2013 the HECM program was revised whereby HUD administered the program, while the Federal Housing Administration (FHA) insured the HECM reverse mortgages. New provisions capped the amount of home equity that could be drawn in the first year of the loan at 60%, thus reducing the mortgage insurance premium (MIP) significantly (Pfeiffer, Schaal, and Salter, 2014).

Reverse mortgages have recently been considered as a viable option in retirement income planning. Home equity for some senior citizens comprised a significant portion of their total net worth. Based on 2011 U.S. Census data, home equity averaged close to 68% of the total wealth of a typical 65-year-old American couple. In fact, home equity value more than doubled the value of non-equity assets for these couples, including IRAs, savings, and personal property (Hopkins, 2017).

Reverse mortgages were fairly complex financial products and worked best for those who strategically engaged in income planning for their retirement, either on their own or through a financial planner. As with any financial product, the consumer must be informed and in the position to benefit from what the reverse mortgage had to offer. Moulton, Loibl, and Haurin (2017) surveyed more than 1,700 households that sought counseling for a reverse mortgage between 2006 - 2011 (majority were counseled in 2010 and 2011), thus securing the reverse mortgage in the 3 – 9 year period before the survey was conducted. The purpose of the study was to examine motivations of senior home owners for seeking and successfully obtaining or not a reverse mortgage. The study was conducted in 2014. Of those counseled, 74% obtained a reverse mortgage. Consequently, the typical survey respondent was 3 – 5 years post-counseling.

Results of the Moulton, et. al. (2017) survey indicated the primary reason for securing an HECM reverse mortgage was to supplement income for everyday expenses (other than health needs) (.42). The second reason (.38) was to pay off the current mortgage (per HUD, reverse mortgages must be the only lien on the home) thus, eliminating the regular monthly mortgage payment. Of these respondents, almost 40% indicated they could no longer even afford a monthly mortgage payment, with about 10% actually behind in their mortgage payments on their forward mortgages. Other motivations in obtaining a reverse mortgage included: pay off non-mortgage debt (.27); home improvements (.22); financial help to the family (.19); health care or disability expenses (.15); and postpone drawing on other retirement income (.15).

A second part of the Moulton, et. al. (2017) study was to examine senior homeowners in the survey who were counseled for a reverse mortgage between 2008 and 2011, and compare their demographics with senior homeowners in the general population. Survey results indicated the borrowers who secured reverse mortgages were more highly educated than senior homeowners in the general population, holding four-year college degrees (.21 compared to .13). This result suggested reverse mortgages were secured by more sophisticated and likely financially savvy homeowners (significant at $p<0.001$). Davidoff and Wetzel (2014) found a similar result in a study they conducted earlier.

In terms of financial demographics, HECM borrowers' total household income was about $3,000 per month compared to senior homeowners of $5,300 per month, while assets other than a primary residence (must be greater than zero) were $100,000 for HECM borrowers compared to $275,000 of senior homeowners in the general population. Mortgage debt of the HECM borrower averaged $84,150 compared to senior borrowers of a traditional mortgage in the general population of $43,650. Home equity of the primary residence of a senior HECM borrower was $231,000 compared to $197,500 of the senior homeowner, confirming the philosophy of the reverse mortgage program that their assistance was

needed for borrowers who tended to be "house rich" and "cash poor". Finally, a majority of HECM borrowers had a will and held assets in a trust, but were far less likely to leave any inheritance to heirs (51% to 76%) when compared to senior homeowners (all of these results were significant at $p<0.001$).

Unfortunately, for most reverse mortgage borrowers, the inclination has been to make a short-term financial decision. Their goal was to increase the homeowner's quality of life during the retirement years. Szymanoski, Lam, and Feather (2017) examined the financial sustainability of the HECM program in terms of changes made in the program to mitigate risk to the holder, while continuing to provide affordable financing options in converting home equity for senior homeowners. In 2010, 75% of HECM borrowers opted for full-draw of their reverse mortgage principal limit, while 43% took this option in 2008 (CFPB, 2012). Higher default rates for those HECM borrowers choosing the maximum draw at time of closing increased the risk for ultimate default, confirming many of these loans were used to satisfy short-term needs.

CHRISSY'S FINANCIAL NIGHTMARE

When Henry passed away December 1, 2015, the reverse mortgage went into default, and the holder of the loan (a financial institution located in California) began foreclosure procedures. Consequences of default required the executrix of the estate to navigate a financial and legal process in an attempt to provide the best result for both the estate and its heirs. Upon the death of the borrower, the lender had a claim against the property which must be settled by the estate. To satisfy this claim, the loan (lien against the home) must be paid to the bank, or the borrower may purchase the home by paying the lesser of the loan balance or the (appraised) value of the property at the time of repayment.

Prior to securing the reverse mortgage, Henry and Betty had attempted several times to sell the home, but the housing market had dropped significantly in the area during the 1990s. Additionally, the home was custom built, and thus, was one of the most expensive homes on the block. After speaking with a realtor, Chrissy realized it would be a long shot to put the home up for sale and receive enough proceeds from the sale to pay realtor fees, fix up costs, and net an amount even close to the lien which at that time was near $257,000, and rising approximately $1,000 per month. So, in late February 2016 Chrissy decided to purchase the home from the trust for herself. Immediately she filed an application for purchase with the bank's division (located in Georgia) that specialized in the servicing of the reverse mortgage (the loan servicer). The loan servicer sent out an appraiser to the home, and fair value was appraised at $210,000. The value of the home had actually declined in recent years because Henry had not made critical repairs to the original roof and two walls that leaked water in the basement. Also, appliances (primarily the furnace) were original appliances. Per the Home Keeper agreement, Chrissy offered the bank $210,000. No response was received from the loan servicer regarding her offer. After ninety days, the appraisal expired, and the entire application to purchase was required to be filed again. During this time, Chrissy was calling the loan servicer approximately every two weeks to speak to a representative to see if she could move the process along. The loan servicer stated they were working on the loan, but they were short staffed and Chrissy needed to be patient. Meanwhile, every ninety days, an appeal for an extension to delay foreclosure proceedings was required to be filed by Chrissy. A second appraisal was ordered in September 2016, and fair value again, came back at $210,000.

On December 1, 2016, the one year anniversary of Henry's death, Chrissy received a Court Summons declaring foreclosure on the loan by the bank. Henry's trust and heirs had been sued for all sums secured by the mortgage now due and payable along with all legal costs because the borrower was deceased and the property was not the principal residence of a least one surviving borrower (another condition of holding a reverse mortgage). Chrissy had twenty days to reply. When Chrissy called the loan servicer, they stated that this was standard procedure since it had been a year since the loan went into default. Chrissy was also advised to seek out an attorney. Now given that Chrissy had full documentation of her efforts to purchase the home during this time, it was simply a matter of submitting documentation to the court, through her attorney, verifying Chrissy's good faith effort to make the purchase. The court granted Chrissy two extensions in an effort to delay foreclosure. In February 2017 a third appraisal was finally

ordered by the loan servicer. Fair value was $210,000. In early March the bank accepted Chrissy's offer for purchase of the home for $210,000, however, the purchase must be completed by March 29, 2017 so formal satisfaction of the agreement could happen by the end-of- the-month and, thus, avoid any more accrual of interest and fees. By this time the lien was approximately $270,000 thus, qualifying as a short-sale. This gave Chrissy exactly four weeks to close on the mortgage.

Throughout this time Chrissy had been working with Chase Bank, and had already been preapproved for a mortgage on the home. She immediately filed an application for a mortgage with Chase Bank, however, the home failed inspection to qualify for the mortgage. The basement continued to suffer from water damage throughout this time. The bank wanted the water compromised walls of the basement repaired and the 30-year-old furnace replaced in order to secure the mortgage. Chrissy appealed stating if any repairs or replacements were made prior to her taking ownership, the bank would most likely require a fourth appraisal, and thus, the fair value of the home would increase based on the improvements. Chase Bank relented a bit, and agreed to provide the mortgage if the foundation of the home and the furnace were both inspected. Knowing each of these items would fail inspection, Chrissy proposed to provide in writing that she would repair the basement walls that were leaking and replace the furnace as a condition of receiving the mortgage once she took ownership. Chase Bank denied Chrissy's appeal. By this time, Chrissy had ten days remaining to complete the purchase of the home. Her last alternative was to find $210,000 in cash.

Chrissy had $55,000 in short-term securities. She would get the remaining monies by cashing in almost her entire investment account of $107,000, and borrowing $50,000 in cash from relatives (the purchase transaction exceeded $210,000 because of closing costs, including title fees paid by Chrissy). As Chrissy was in the process of gathering the funds, Chase Bank reported to the loan servicer that Chrissy's mortgage was denied. The loan servicer immediately contacted a property management company in the area who came to the home and put a large sign on the front door stating the home had been foreclosed and repossessed by the bank. No one was to enter the home. Several of the neighbors who were aware of Chrissy's ordeal proceeded to rip the sign off the front door.

CONCLUSION

After purchasing the home from the trust, Chrissy began to wonder if this whole thing was a mistake. No doubt she had a huge emotional attachment to the home. She had visited her Dad and stayed at the home numerous times over the past twenty-six years in which he lived in the home, along with her three young children. In December 2017 the estate received IRS Tax Form 1099-C from the servicer of the loan totaling $59,926.75 of taxable income to the trust for Cancellation of Debt. Federal tax rates for income to a trust were 40% and additional income tax amounts would be due to the state of Indiana. But then, lo and behold, a week later, IRS Form 1098, Mortgage Interest Statement, was received for $142,667.22, thus canceling out the income to the trust from the debt cancellation.

The reverse mortgage fiasco lasted about sixteen months with tax return filings required by the trust extending into 2018. Henry was very astute financially, yet he didn't really seem to understand the implications of a reverse mortgage. What could Henry have done to avoid this financial nightmare for Chrissy?

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APPENDIX

TEACHING NOTE

Henry's Reverse Mortgage Becomes his Daughter's Financial Nightmare

Henry, at 91-years-old, had just been diagnosed with stage IV lung cancer, and given three to six months to live. Henry's assets were placed in a trust and the estate seemed to be in perfect order, except for one last item. The home was in a reverse mortgage. Upon Henry's death, "...what would happen to the home", asked Chrissy, Henry's daughter and executrix of his estate? "Well, that's simple" Henry responded, "...you just throw the bank the keys to the house, and walk away". Ninety days later, after Henry's passing, Chrissy discovered that this was not the case at all.

This descriptive case is most appropriate for courses in principles of finance, financial advising or planning, personal finance, real estate, and insurance.

RESEARCH METHODS

All names in the case have been disguised except for Chase Bank. Information was obtained from private files and secondary sources cited.

LEARNING OUTCOMES

In completing the assignment, students should be able to:

1. Understand what a reverse mortgage is and identify the criteria to secure a reverse mortgage under the Federal Housing Administration's (FHA) Home Equity Conversion Mortgage (HECM) program;
2. Identify and evaluate the risks of a reverse mortgage to the borrower and the holder of the loan, and calculate the effective interest rate of the loan;
3. Review the motivations for securing a reverse mortgage by HECM senior borrowers and determine if Henry's motivation aligned with typical HECM senior borrowers;
4. Determine if there could have been alternative financing options for Henry to separate his assets from Betty while still securing the cash for Betty to purchase her dream home in Arizona.

DISCUSSION QUESTIONS

1. What is a reverse mortgage? What is the criteria to secure a reverse mortgage under the HECM program? (LO 1)
2. Calculate the effective interest rate on the loan. Is there a risk to the holder of the loan? Evaluate the risk of holding a reverse mortgage, if any, to the holder. Are there any risks to the borrower, and if so, what are they? (LO 2)
3. What are the motivations by HECM borrowers to secure a reverse mortgage? Was Henry's motivation typical for an HECM borrower? (LO 3)
4. Identify any alternative financing options for Henry. Keep in mind that he was attempting to separate his assets from Betty, while getting her cash from the home so she could purchase her dream home in Arizona. (LO 4)

ANSWERS TO DISCUSSION QUESTIONS

1. What is a reverse mortgage? What is the criteria to secure a reverse mortgage under the HECM program? (LO 1)

Home equity for some senior citizens comprised a significant portion of their total net worth. So, a reverse mortgage was a lien held against the home by a financial institution whereby the lien evolved (grew) as withdrawals, in various forms, were drawn against the equity in the home that was previously built up by the homeowner. Reverse mortgages operated almost like a traditional mortgage, but in reverse. Three payment plan (withdrawal) options existed for reverse mortgage borrowers: tenure (and modified tenure) which allowed for equal payments as long as one borrower lived and continued to occupy the property as a principal residence; term (and modified term) which allowed for equal monthly payments for a fixed period of months selected; and line-of-credit which was comprised of unscheduled payments at times and in amounts of choice until the credit line was exhausted (HUD (b) retrieved 2018). Henry chose the line-of-credit option whereby he exercised a full-draw so he was able to secure a lump sum withdrawal.

The HECM program was often advertised as an opportunity to keep seniors in their homes while providing financial freedom. HUD specified the intent of the HECM program was to improve the financial stability of seniors through supplementing Social Security payments for a higher quality of life, satisfying unexpected medical expenses, or being able to make home improvements (HUD retrieved 2018). The senior home owner must meet the following criteria to qualify for the HECM program: was at least 62-years-old, owned the home or had substantial equity in the home, occupied the property as their primary residence, had no federal debt delinquencies, had the resources to pay any property taxes on the home as well as property insurance, maintenance costs etc., and participated in a consumer information session through a HUD-approved HECM counselor. The property must meet HUD and Federal Housing Authority (FHA) requirements, and financial income, assets, monthly obligations and credit history of the senior home owner must all be verified (HUD(a) retrieved 2018).

2. Calculate the effective interest rate on the loan. Is there a risk to the holder of the loan? Evaluate the risk of holding a reverse mortgage, if any, to the holder. Are there any risks to the borrower, and if so, what are they? (LO 2)

The effective rate of return earned on the loan was approximately 3.39% annually. The gross payout for the home from the reverse mortgage was $123,500 and after a 15-year 8-month period (188 months), the selling price of the home was $210,000. Although Henry received a net amount of $116,600 which he immediately signed over to Betty, it was the gross amount paid by the bank that was used in this calculation. If the holder of the loan had received the value of the lien of $270,000 on the home at the time of sale, then the effective interest rate earned would have been 5.00%.

Risks to the holder of the loan were associated with interest rates, changes in the fair value of the home over time, the borrower's mortality timeline, and opportunities for mobility by the borrower (Davidoff and Wetzel, 2014). Although HECM loans were priced by the FHA (the guarantor) to break even, a loss could occur on the loan if the credit limit was greater than the value of the home at the time of default or settlement (Davidoff and Wetzel, 2014). In the case of a loss, the effective rate of return that was expected to be earned on the loan to cover costs would be lower than expected. In Henry's case, the variable interest rate actually charged on the home during the duration of the reverse mortgage ranged from a low of 3.6% (post-2008 recession) to a high of over 6% (pre-2008 recession).

Why would the fair value of the home be lower than anticipated? Davidoff and Wetzel (2014) claimed the HECM had suffered from "striking adverse selection on the dimension of home price appreciation." Because pricing formulas used by the holder did not historically distinguish home values across periods of time or for various geographical locations, loans originated in the early 2000s witnessed a housing market where home prices peaked in 2006 (pre-2008 recession), only to suffer severe pricing

declines thereafter (post-2008 recession). When the reverse mortgage for Henry's home was initiated in late July 2001, the home was appraised at $275,000. At the time of sale in late March 2017, Chrissy paid $210,000 for the home, the appraised value. The housing market does change over the years, but it was unusual for a home to decline this much in value over a 15-year 8-month period. The original purchase price of the home paid by Henry and Betty in June 1989 was $310,000. Adding to the price of the home were custom enhancements made to the home by the builder, per Betty's request. Additionally, this home was one of the highest priced homes in this area at the time the home was built in 1989.

An additional cause for the significant decline in home value could be the condition of the home at the time of default on the loan. As noted in the case, the home was in need of significant repair and updates at the time of Henry's death. Thus, the home was not being maintained properly (undermaintained). Extensive research had been done regarding whether the motivation of a borrower to maintain the home really existed when a reverse mortgage was held on the home (Park, 2017). There had been some speculation that as the lien on the home surpassed the home's fair value, any incentive by the homeowner/borrower to maintain the home substantially declined. This was absolutely true in Henry's case. He knew if he was to pay off the reverse mortgage, he would pay the lower of the home's fair value or the lien, per the HECM agreement. And, by staying in the home, he was just going to have Chrissy throw the keys back to the bank upon his death. Thus, what was his incentive to maintain the home?

Chrissy had a realtor friend who evaluated the home prior to submitting her offer to purchase. Based on the realtor's assessment, repairs to the home were estimated to be in the range of $32,400 - $50,200. In retrospect, Chrissy invested over $90,000 in repairs and updates, including: $20,000 to repair and waterproof two walls in the basement (this was the primary reason for the shortfall on the repair estimates), $12,000 for the roof, and $10,000 for a new furnace/air conditioner. All structural repairs were performed by licensed contractors, and according to building codes.

It appeared in Henry's case that the risks assumed by the lender related to declining interest rates, changes in the fair value of the home, and the borrower's mortality timeline (Henry was 91-years-old at the time of his death), as well as undermaintenance of the home which all added to the ultimate short-sale of the home by the lender.

The risk to the borrower was the chance that the borrower could lose their home due to liquidity issues (Penzenstadler and Lowenstein, 2019). Given the demographics of reverse mortgage (HECM) senior borrowers compared to a senior borrower with a conventional loan, it was apparent that those seniors who secured a reverse mortgage were not as financially well off and would likely struggle to maintain the upkeep of the home. Also, HECM borrowers were required to remain current with all property insurance and property tax payments. The case revealed that the HECM borrowers' total income was about $3,000 per month compared to $5,300, equaling just 57% of a typical senior homeowner in the general population. Total assets (excluding primary residence) of the HECM borrower was just 36% of total assets owned by their senior homeowner counterpart ($100,000 compared to $275,000). Mortgage debt of the HECM borrower was almost twice the amount of debt of the senior homeowner in the general population ($84,150 compared to $43,650) (Moulton, Loibl, and Haurin, 2017). And although reverse mortgage holders assumed the homes would appreciate in value over time, the loan balances for reverse mortgages that were initiated in the early 2000s far exceeded the post-2008 market values of the homes (Penzenstadler and Lowenstein, 2019). Per the Consumer Financial Protection Bureau (CFPB), about 10% of borrowers default on their reverse mortgages (Corday, 2012). And, reverse mortgages that were associated with homes in predominantly black neighborhoods were six times more likely to end in foreclosure than in neighborhoods that were 80% white (Penzenstadler and Lowenstein, 2019).

3. What are the motivations by HECM borrowers to secure a reverse mortgage? Was Henry's motivation typical for an HECM borrower? (LO 3)

Reverse mortgages were meant to be a financial option for senior citizens to tap into the equity built into their home in order to provide a higher quality of life during the retirement years, while still being able to live in the home until the borrower's death. Literature has suggested that reverse mortgages can be

highly effective when used as a financial vehicle for long-term financial planning (Pfeiffer, Schaal, and Salter, 2014; Sacks and Sacks, 2012).

Results of the Moulton, Loibl, and Haurin (2017) survey indicated the primary reason for securing an HECM reverse mortgage was to supplement income for everyday expenses (other than health needs) (.42). The second reason (.38) was to pay off the current mortgage (per HUD, reverse mortgages must be the only lien on the home) thus eliminating the regular monthly mortgage payment. Of these respondents, almost 40% indicated they could no longer even afford a monthly mortgage payment, with about 10% actually behind in their mortgage payments on their forward mortgages. Other motivations in obtaining a reverse mortgage included: pay off non-mortgage debt (.27); home improvements (.22); financial help to the family (.19); health care or disability expenses (.15); and postpone drawing on other retirement income (.15).

Unfortunately, many of these motivations to secure a reverse mortgage relied on short-term decisions. Note that Henry's motivation did not align with any of these reasons. His goal was to buy out Betty's equity portion in the home so he could effectively separate their assets, while satisfying her motivation to have enough cash to purchase her dream home in Arizona. Finally, Mourin, Loibl, and Haurin (2017) also reported that a majority of these HECM borrowers had a will and held assets in a trust, but were far less likely to leave any inheritance to heirs (51% to 76%) when compared to senior homeowners in the general population (significant at $p<.001$).

4. Identify any alternative financing options for Henry. Keep in mind that he was attempting to separate his assets from Betty, while getting her cash from the home so she could purchase her dream home in Arizona. (LO 4)

From reading the case, it appeared that Henry and Betty had tried to sell the home during the late 1990s. This would have been the best alternative to splitting the assets while also providing cash to Betty so she could purchase her dream home in Arizona. Henry did file for divorce within a year of securing the reverse mortgage, and by taking out the reverse mortgage, Henry accomplished his goal. However, as reported in Henry's case, the reverse mortgage can be highly troublesome to the heirs upon the homeowner's (borrower's) death. A major shortcoming in Henry's financial planning was not sharing any information related to the reverse mortgage secured on the home with his children until years later.

An alternative to the reverse mortgage would involve taking out a home equity loan. Henry would need to make payments of principal on the mortgage along with interest payments. This option, however, would begin to deplete Henry's cash as the amount of payments with interest would most likely be significant. Another option for Henry would be to secure an equity line-of-credit on the home. This loan would tap into the equity built into the home. Each of these two alternatives would require good credit ratings (Penzenstadler and Lowenstein, 2019). Henry could take out a home equity loan receiving a lump sum payment or draw on the line-of-credit as needed. Payments on the line of credit often involved minimum interest payments only, because the line-of-credit would be collateralized with the home. However, the advantage of the reverse mortgage was that Henry was not required to make any payments of principal nor interest during the life of the loan. Interest and fees accrued for 15-years and 8-months without Henry ever having to make a cash payment. Ultimately, Henry avoided the worry of settling up since he had passed away.

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