Reverse Mortgages

General Information That's Good to Know!

What is a Reverse Mortgage?

A Reverse Mortgage is simply a loan for homeowners, **aged 62 and older**. It allows the homeowner the flexibility to leverage their home equity without the requirement of a monthly payment.

Popular Type of Reverse Mortgage:

Federally Insured Reverse Mortgages are known as Home Equity Conversion Mortgages (HECMs). While insured by the federal government this loan program is also subject to the FHA Lending Limits.

How is this loan "safe" for Senior Homeowners?

No matter what happens in the economy or how much money you receive as long as you live in your home, make your property tax and insurance payments and continue to maintain your home, you will not be required to make a mortgage payment.

Who will own the home if I have a Reverse Mortgage?

You! A reverse mortgage is simply a lien on title.

How are Reverse Mortgages different today?

Today's modern reverse mortgages are highly regulated by State and Federal laws to make them safe and to protect you. Among others the following regulations apply:
-You retain the title of the home.
-No equity share is allowed, meaning the lender does not slowly take over your home.
-Fees and Cost are federally regulated.

How does a Reverse Mortgage compare to a Traditional Mortgage?

In a traditional forward mortgage, you make monthly payments to the lender eventually paying off the mortgage over time. With a reverse mortgage, you receive cash from your lender as a lump sum. As long as you live in your home, pay your property taxes and home insurance and continue to maintain your home. You will not be required to make any mortgage payments for the life of the loan.

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What restrictions apply to the cash I receive from a Reverse Mortgage?

It's your money and you can use it in any way you wish. It's non-taxable and does not affect Social Security payments. We do recommend that you talk to a licensed financial advisor to determine the effect on any other benefits you may be receiving, especially if you will be receiving a large lump sum from the reverse mortgage at closing. Having excess funds in your account could impact eligibility for some certain government benefit programs.

When does a Reverse Mortgage become due and payable?

-When you no longer live in your home as your primary residence.
-When you have passed away.

Other events that could create a maturity event are:
- Nonpayment of property taxes.
- Nonpayment of property insurance.
- Failure to maintain property.

You or your heirs, have two options:
1) To pay off the reverse mortgage and retain ownership.
2) To sale the home, paying off the reverse mortgage and receiving the net proceeds, (the difference between the loan balance and sales price).

What are my obligations under a Reverse Mortgage?

-To maintain property taxes.
-To maintain homeowner insurance.
-To maintain other obligations affecting the home (like HOA's).
-To maintain the home.

This loan was designed to bring relief to senior homeowners by getting rid of their mortgage payments and allowing them to tap into their home equity, tax free. This is a great loan program for seniors.

For questions or concerns, please call (310) 629-4407

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