Common Questions

1 Does the bank own my home? No. Reverse mortgage borrowers retain ownership of their homes. They are not relinquishing title or ownership using a reverse mortgage, but borrowing against the value of the home. A borrower may not lose their home under normal circumstances, as long as they comply with loan terms.

2 What if the loan amount ends up more than the value of the home? Reverse mortgages are non-recourse loans meaning - if the loan balance ends up surpassing the value of the home, the lender cannot collect more than the value of the home. Under the HECM program, the difference between the loan balance and the home value is covered by the FHA insurance fund.

3 Will a reverse mortgage affect my Social Security, Medicare or pension benefits? No, these benefits will not be impacted. Reverse mortgage funds are considered loan proceeds and not income. However, Medicaid and other income-based benefits† may possibly be affected. What's more, the longer you wait to access Social Security benefits, the more you may receive. A reverse mortgage can help delay accessing Social Security in order to boost your lifetime retirement income*.

5 advantages of HECM reverse mortgages:

ONE
No monthly mortgage payments‡

TWO
Tax-free proceeds†

THREE
Keep your home

FOUR
Federally-insured by the government

FIVE
Delay your Social Security benefits*

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†Please consult with your tax advisor. ‡Borrower must continue to pay for property taxes, homeowner's insurance and home maintenance. *Social Security bene its estimator available at www.ssa.gov/estimator. **Required as part of loan. These materials are not from HUD or FHA and were not approved by HUD or a government agency.

Your Guide
TO REVERSE MORTGAGES

Your Roadmap to a better life. Find out what a HECM reverse mortage is and how you can qualify today!

What is a HECM reverse mortgage?

Home Equity Conversion Mortgages (HECMs), also known as reverse mortgage loans, help Americans age 62 and older **convert a portion of their home equity into tax-free money.**[†] They are insured by the Federal Housing Administration (FHA) and allow seniors to age in place and achieve retirement security.

How does it work?

A reverse mortgage loan allows you to turn some of the equity in your home into cash to improve your lifestyle in whatever way you choose. You will continue to live in your home, retain ownership and will not be required to make any monthly mortgage payments[‡] during the loan period. Instead of repaying the loan monthly, the loan balance is repaid when all borrowers have left the home. The amount you receive is based on current interest rates, the age of the youngest borrower and your appraised home value.

Qualifications include:

- **You must be age 62 or older**
  (a non-borrowing spouse may be under 62)
- **Live in your home** *(must be principal residence)*
- **The borrower must own the home**
  (The borrower must meet the financial requirements of the HECM program)

Common uses of a reverse mortgage

The proceeds from a reverse mortgage can be used for almost anything:

- **Pay off an existing mortgage**** and eliminate monthly mortgage payments
- Make retirement **savings last longer**
- Use a "standby" HECM reverse mortgage growing line of credit to **preserve investment accounts** during market downturns or build a safety net for unplanned emergencies, home repairs and healthcare expenses
- Supplement your retirement income with monthly payments
- Use a HECM for Purchase loan to **buy a home** that better fits your needs
- **Support aging in place expenses**, like caregiving and home modifications

Recent HECM program changes to protect you

Recent HECM program guidelines were put in place by HUD to protect borrowers and further strengthen the HECM reverse mortgage loan program.

1 **Financial Assessment** Recent HECM program changes to protect you will require a more thorough evaluation of a borrower's ability to meet the obligations of his/her HECM reverse mortgage loan.

2 **Non-borrowing Spouse** New loan amounts are available to borrowers with a non-borrowing spouse under the age of 62. New rules also allow the eligible spouses of borrowers who pass away to stay in the home without foreclosure[‡].

3 **More Affordable** Upfront mortgage insurance premiums (MIPs) have been lowered by the FHA. If you don't take more than 60% of your proceeds in the first year, you will only be charged an upfront MIP of 0.5% of the appraised home value. If you cross the 60% threshold, the upfront MIP will be 2.5% (on a $200,000 home, 2.5%=$5,000 vs. 0.5%=$1,000).

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