Reverse Mortgage: Myth vs. Fact

A Home Equity Conversion Mortgage (HECM), also known as a Reverse Mortgage is a government-insured, FHA loan made available to homeowners 62 years or older.

The program allows the homeowner to borrow a portion of their equity or even to purchase their next home.

A Reverse Mortgage can provide you the unique opportunity to “age in place” at your home without having the usual monthly loan payments.* For many seniors, Reverse Mortgages make the difference between enjoying a comfortable retirement in their home and being dependent on others.

MYTH	VS. FACT
You are selling the house to the bank.	Borrowers never give up title or ownership of the home.
My children will have to pay the loan back & will not get any funds from the home	Your heirs are not liable for debt on your home. Your estate will pay only the loan amount or the value of your home at sale, whichever is less. If your home sells for more than the loan obligation, your estate is then credited with the difference.
If the loan balance increases beyond the value of the home, the borrower is responsible for the difference.	A Reverse Mortgage is a non recourse loan and the borrower/estate will never owe the lender more than the current house value.
A Reverse Mortgage is not an option if there is an existing mortgage against the house.	With sufficient equity, the Reverse Mortgage funds can be used to pay off the existing loan, thereby eliminating your monthly loan payment for your existing loan.+

If you would like to explore the possibilities for yourself or your loved one today, reach out. We will be happy to address any questions or concerns you may have.

Call Toll Free Today (866) 244-0994

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*Reverse mortgages increase the principal mortgage amount and decrease home equity (it is a negative amortization loan). Borrowers are responsible for paying property taxes and homeowner’s insurance (which may be substantial). We do not establish an escrow account for disbursements of these payments. A set-aside account can be set up to pay taxes and insurance and may be required in some cases. Borrowers must occupy home as their primary residence and pay for ongoing maintenance; otherwise the loan becomes due and payable. The loan also becomes due and payable when the last borrower, or eligible non-borrowing spouse, dies, sells the home, permanently moves out, defaults on taxes or insurance payments, or does not otherwise comply with loan terms. These materials are not from HUD or FHA and were not approved by HUD or government agency. See Department of Housing and Urban Development’s Mortgagee Letter 2014-10 for more information with regard to FHA requirements for advertising reverse mortgages. Information is provided as an advertisement and is not a guarantee of lending.

+ All liens against subject property must be paid off in full in order for the reverse mortgage to be in first lien position.

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