Reverse FAQ's

General Reverse Program FAQ's:

Question:	**What is a HECM?**
Answer:	A Home Equity Conversion Mortgage (HECM) is commonly known as a Reverse Mortgage. HECM is a home-secured loan designed to help homeowners turn some of their home equity into cash. You may choose to receive monthly payments, a lump sum of cash, or a line of credit. HECM is insured by the Federal Housing Administration (FHA) and offers all the benefits of a traditional line of credit that you can get from a bank but with additional benefits— including a flexible repayment feature. As with any mortgage, you must meet your loan obligations, keep current with property taxes, insurance, maintenance, and any homeowners association (HOA) fees.

Question:	**Am I Eligible?**
Answer:	HECM eligibility is as follows: • Must be at least 62 years old • Own home with sufficient equity • Occupy home as primary residence

Question:	**How much money can I get?**
Answer:	The specific amount of funds available is based on several factors, including the appraised value of your home, your age, the interest rates, and Federal Housing Administration (FHA) lending limits.

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Question:	**How do I receive my proceeds from the Reverse Mortgage?**
Answer:	Proceeds from the Reverse Mortgage are tax-free and can be distributed in a variety of ways based on your choice. Proceeds from the Reverse Mortgage may be taken as: • A lump sum • A Line of Credit • Monthly Payments for a specified time period • Monthly Payments for as long as you live in the home • Or a combination of these
Question:	**What are the costs associated with a Reverse Mortgage?**
Answer:	In addition to interest, the costs include a title fee, credit report fee, appraisal fee, origination fee, closing costs, mortgage insurance premium, and a modest charge for the Reverse Mortgage counseling. While closing costs vary based upon the type and size of the loan, they're the same as those for any traditional mortgage. You can roll most of the up-front costs into the loan, so out-of-pocket expense can be minimized.
Question:	**Are monthly payments required on the HECM mortgage?**
Answer:	No monthly mortgage payments are ever required. Financial responsibilities of a homeowner are as follows: • Property taxes; • Payment of homeowner's insurance (flood insurance if applicable); • Homeowner Association Fees (if applicable); and • Maintain a general upkeep of the home. If the borrower wishes to make payments on the HECM, there is no penalty.
Question:	**Do I still own my home?**
Answer:	You will still retain ownership of the home and rights to title with the Reverse Mortgage. The lender does not take control of title.
Question:	**What if I have an existing mortgage?**
Answer:	If you currently have a mortgage on your home, the proceeds from the Reverse Mortgage are used to eliminate your current mortgage, in many cases homeowner's obtain a Reverse Mortgage for this reason alone.
Question:	**Will a Reverse Mortgage affect Social Security or Medicare?**
Answer:	The funds from a Reverse Mortgage do not affect your Social Security or Medicare benefits. However, needs-based benefits, such as Medicaid, Supplemental Security Income (SSI) or other income-based programs, which vary from state to state, may be impacted. For details on your specific situation, you should contact the benefits professional or government benefits specialists.

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Question:	**What if one borrower passes away or must move out for health reasons?**
Answer:	The other borrower continues to own and live in the home—and enjoy all the benefits of their HECM. As with any home-secured loan (or mortgage), you must meet your loan obligations, keep current with property taxes, insurance, maintenance, and any homeowners association fees.
Question:	**If my spouse is not 62, can we still get a Reverse Mortgage loan?**
Answer:	Yes! The younger spouse will be a non-borrower on the loan; however, he/she may still remain on title and will be protected under the program. The spouse may continue to live in the home even after the older spouse passes away or is placed in a permanent healthcare facility.
Question:	**How is a HECM different from other home equity-based loan options?**
Answer:	A HECM offers certain advantages that provide greater flexibility and financial control: • With a HECM line of credit, the unused amount in your credit line actually grows over time—giving you access to more available funds. • HECM has a flexible repayment feature: o You decide how much or how little to pay each month toward principal and interest. Or you can choose to make no monthly loan payment at all. As with any home-secured loan, you must meet your loan obligations, keeping current with property taxes, insurance, maintenance, and any homeowners association fees. • A HECM can't be canceled or reduced, as long as you meet your loan obligations and live in the home as your primary residence—so it will be there when you need it. • With an FHA-insured HECM, you're not responsible to pay the difference if the loan balance ever exceeds the value of your home when the loan becomes due—known as the non-recourse feature.
Question:	**When do I have to pay back the Reverse Mortgage?**
Answer:	The Reverse Mortgage becomes due and payable when the last remaining borrower sells the property, permanently vacates the home, or passes away (non-borrowing spouse may stay in home through deferral).
Question:	**Can I use a Reverse Mortgage to purchase a home?**
Answer:	Yes, you may buy a home with a one-time down payment normally 50% (depending on age). No further mortgage payments are due unless: • The home is sold; • when the last borrower or eligible spouse dies; or • has permanently moved out of the home.

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