

# Top 8 Things You Should Know About a Reverse Mortgage

Reverse Mortgages are becoming popular in America. A Reverse Mortgage is a federally-insured private loan, and it's a safe plan that can give older Americans greater financial security. Many seniors use it to supplement social security, meet unexpected medical expenses, make home improvements, and more. Since your home is probably your largest single investment, it's smart to know more about reverse mortgages, and decide if one is right for you!

## **1. What is a reverse mortgage?**

A reverse mortgage is a special type of home loan that lets a homeowner convert a portion of the equity in his or her home into cash. The equity built up over years of home mortgage payments can be paid to you. But unlike a traditional home equity loan or second mortgage, no repayment is required until the borrower(s) no longer use the home as their principal residence.

## **2. Can I qualify for a HUD reverse mortgage?**

To be eligible for a HUD reverse mortgage, requires that the borrower is a homeowner, 62 years of age or older; own your home outright, or have a low mortgage balance that can be paid off at the closing with proceeds from the reverse loan; and must live in the home. You are further required to receive consumer information and counseling prior to obtaining the loan. You can contact us for more information about your specific situation at 856-546-7911.

## **3. What types of homes are eligible?**

Your home must be a single family dwelling or a two-to-four unit property that you own and occupy. Townhouses, detached homes, units in condominiums and some manufactured homes are eligible.

## **4. What's the difference between a reverse mortgage and a bank home equity loan?**

With a traditional second mortgage, or a home equity line of credit, you must have sufficient income versus debt ratio to qualify for the loan, and you are required to make monthly mortgage payments. The reverse mortgage is different in that it pays you, and is available regardless of your current income. The amount you can borrow depends on your age, the current interest rate, and the appraised value of your home or mortgage limits for your area, whichever is less. Generally, the more valuable your home is, the older you are, the lower the interest, the more you can borrow. You don't make payments, because the loan is not due as long as the house is your principal residence. Like all homeowners, you still are required to pay your

real estate taxes and other conventional payments like utilities, but with a Reverse Mortgage, you cannot be foreclosed or forced to vacate your house because you "missed your mortgage payment."

#### **5. Can the lender take my home away if I outlive the loan?**

No! You do not need to repay the loan as long as you or one of the borrowers continues to live in the house and keeps the taxes and insurance current. You can never owe more than your home's value.

#### **6. Will I still have an estate that I can leave to my heirs?**

Yes! When you sell your home or no longer use it for your primary residence, you or your estate will repay the cash you received from the reverse mortgage, plus interest and other fees, to the lender. The remaining equity in your home, if any, belongs to you or to your heirs. None of your other assets will be affected by reverse mortgage loan. This debt will never be passed along to the estate or heirs.

#### **7. How much money can I get from my home?**

The amount you can borrow depends on your age, the current interest rate, and the appraised value of your home or mortgage limits for your area, whichever is less. Generally, the more valuable your home is, the older you are, the lower the interest, the more you can borrow.

#### **8. How do I receive my payments?**

You have Four options:

- all at once, in a single lump sum of cash;
- as a regular monthly cash advance;
- as a "credit line" account that lets you decide when and how much of your available cash is paid to you; or
- As a combination of these payment methods.