REVERSE MORTGAGES FREQUENTLY ASKED QUESTIONS (FAQs)

This list covers many of the questions we get related to Reverse Mortgages. If you have a question that you do not see on this list, or would just like further clarification, please do not hesitate to contact us.

General Questions	
What is a Reverse Mortgage?	A Reverse Mortgage is a loan available to homeowners age 62 or older (or 55+ for some of our proprietary products) that allows them to convert part of their home equity into tax-free loan proceeds without making required monthly mortgage payments, as long as they continue to meet the loan requirements.
Aren't Reverse Mortgages a scam?	Today's Reverse Mortgage are benefiting a lot of seniors (55 and above). Unfortunately, many are not taking advantage of this opportunity due to misconceptions that continue to circulate. We would suggest that you refer to our document on "Myths and Misunderstandings" for more information on this topic.
Why does this product have a bad reputation?	When the first Reverse Mortgages were introduced in 1962, they were almost completely unregulated. As a result, they were not always structured in ways that benefited the borrowers. Today's Reverse Mortgages include several safeguards and restrictions to ensure that seniors are benefiting from them. However, this isn't the best option for every senior. It is important that you work with a Loan Officer who will give you a clear and honest evaluation based on your individual needs, circumstances, and objectives.
Do people generally regret doing a Reverse Mortgage?	Quite the contrary. According to a survey from AARP, 93% of people surveyed three to five years after doing a Reverse Mortgage were happy they had done it.
Who qualifies for this type of loan?	To qualify for a Reverse Mortgage a borrower must: • Meet the minimum age requirement. • Live in the home as a primary residence. • Have sufficient home equity. • Complete independent HUD-approved counseling. • Demonstrate the ability to pay property taxes, homeowner insurance, and maintain the home.
What is HUD counseling and why is it required	To ensure that seniors are being properly informed when it comes to the Reverse Mortgage option, they're required to speak with an independent HUD certified counselor. The counselor will go over the terms and structure of the Reverse Mortgage to ensure that the senior is getting this opportunity explained to them clearly.

Do I still own my home?	Yes. You retain title and ownership just like with a traditional mortgage. Although many people believe the bank takes ownership when a borrower does a Reverse Mortgage, this isn't the case. Just like a standard mortgage, you remain the owner and hold title to the property.
Do I have to make monthly mortgage payments?	No required monthly principal and interest payments are due while you live in the home and comply with the loan terms. Borrowers may choose to make voluntary payments.
Can I keep my current mortgage if it has a favorable interest rate, and just use a reverse mortgage to access some additional funds?	One of the unique and advantageous products that our team has access to for Reverse Mortgages is a reverse second loan. This is a great option for people who are 55 and above that would like to access some of their home's equity while leaving a favorable first mortgage in place. They are still required to make payments on their first mortgage, but no payments are required on the reverse second mortgage.
What is the minimum age requirement for a reverse mortgage?	Although the government ensured Reverse Mortgage product commonly referred to as a HECM (Home Equity Conversion Mortgage) requires a minimum age of 62, we have several proprietary options that allow borrowers all the way down to age 55.
Is this product available for a higher value properties?	Although the traditional HECM product is not always conducive for higher priced properties, we have specialized proprietary products that will allow for loan amount up to $4 million.
Can I lose my home?	The loan can become due if you fail to meet the obligations, such as paying property taxes, maintaining insurance, or using the home as your primary residence.
Is a Reverse Mortgage only for people in financial trouble?	No. Many homeowners use Reverse Mortgages as part of a broader retirement strategy to improve cash flow, establish a standby line of credit, delay Social Security, fund home renovations, purchase a retirement home, or supplement retirement income.
Financial Questions	
How do I receive the money?	You may choose: • Lump sum • Monthly payments • Line of credit • Combination of these options
Is the money taxable?	Generally, no. Reverse Mortgage proceeds are loan advances, not taxable income. Borrowers should consult a tax professional regarding their specific situation.
Will a Reverse Mortgage affect Social Security or Medical?	Generally, no. However, needs-based programs such as Medical or Supplemental Security Income (SSI) may be affected if funds are retained beyond program limits.
What determines how much I can borrow?	Several factors, including: • Youngest borrower's age

	• Home value • Current interest rates • FHA lending limits (for HECMs) • Existing mortgage balance
Existing Mortgage	
Can I get a Reverse Mortgage if I still have a mortgage?	Yes. The existing mortgage is paid off first using the Reverse Mortgage proceeds. Any remaining available funds belong to the borrower. We also have a second loan product on the Reverse Mortgage platform for borrowers who would like to access additional funds but leave their existing forward mortgage in place.
Repayment	
When does the loan become due?	Typically when: • The last borrower permanently moves out. • The last borrower passes away. • The home is sold. • Loan obligations are no longer met.
Am I allowed to make payments if I want to?	Yes, payments are optional on a Reverse Mortgage.
Are there prepayment penalties?	No, you can pay the loan off at any time without penalties.
Family and Heirs	
What happens when I die?	Your heirs generally may: • Sell the home. • Refinance and keep it. • Pay off the balance with other funds. • Walk away if they choose.
Can my heirs owe more than the home's value?	No. Reverse Mortgages are non-recourse loans, meaning neither the borrower nor the heirs owe more than the home's value when the loan is repaid, assuming the loan terms have been met.
How is a non-borrowing spouse protected upon the passing of the borrowing spouse?	In 2014 regulatory provisions were added to protect non borrowing spouses. This means in situations where only one spouse meets the minimum age requirement to do a Reverse Mortgage, the non-borrowing spouse is protected. They will not be required to pay off

	the mortgage, start making monthly payments, or sell the house. They can continue living in the house with no required monthly payments for the rest of their life.
Why do we recommend that a property be put in a trust if it has a Reverse Mortgage on it?	One of the regulatory updates that was made to ensure the protection of borrowers was provisions that allow the heirs up to 12 months to sell, pay off, or refinance the property after the passing of the borrower (and non-borrowing spouse, if applicable). A very common misconception in the reverse mortgage industry is that 12 months is sufficient. However, for properties that are not held in a Trust, it is very common for it to take longer than 12 months before the property can be sold or refinanced.
Costs	
What fees are involved?	Typical costs may include: • FHA mortgage insurance premium (HECM) • Origination fee • Appraisal • Title and escrow fees • Recording fees • Other standard closing costs Most of these costs can often be financed into the loan.
Property Requirements	
What types of homes qualify?	Eligible properties generally include: • Single-family homes • FHA-approved condominiums • 2–4 unit properties (if the borrower occupies one unit) • Eligible manufactured homes that meet FHA requirements
What if there are deferred maintenance issues on a property?	Any outstanding health and safety issues will need to be addressed. However, the funds from the Reverse Mortgage can be used for these repairs. In most cases, the funds can be held back until the repair is done after closing the Reverse Mortgage. At that time the contractor is paid directly from those funds. In situations though where something is considered a health and safety hazard, it may need to be repaired before the loan can close. With our team's strong background in construction lending, we are generally able to make arrangements with general contractors to complete the work and defer payment until after the loan closes.

Can a Reverse Mortgage be used to add an Accessory Dwelling Unit (ADU)?	Yes, many seniors are adding ADUs to maintain their privacy and independence through multi-generational housing. Unlike most lenders, we even have options for seniors who would prefer to live in the accessory unit and allow family members to move into the larger house.
Responsibilities	
What are my ongoing responsibilities?	Borrowers must: • Live in the home as their primary residence. • Pay property taxes. • Maintain homeowner insurance. • Keep the home in reasonable repair.
Reverse Mortgage for Purchase	
Can I buy a home with a Reverse Mortgage?	Yes. A Reverse for Purchase allows eligible borrowers to buy a new primary residence without required monthly mortgage payments.
Line of Credit	
Why do people like the Reverse Mortgage line of credit?	The unused portion of a HECM line of credit can grow over time, giving borrowers increased borrowing capacity in the future, subject to the loan's terms and conditions. Also, unlike a standard HELOC (Home Equity Line of Credit), the line cannot be frozen or cancelled in the event of an economic downturn.