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Get started

What is a Reverse Mortgage?

Picture this: a financial tool tailored for homeowners, turning equity in your cherished home into a dependable cash source. This is the Reverse Mortgage, a unique twist on the traditional mortgage. Instead of you paying a mortgage, this innovative product pays you, offering a fresh approach to managing your finances. You'll receive regular payments, establish lines of credit, or even obtain a substantial lump sum, all from the comfort of your own home. The most popular version of this is the 'Home Equity Conversion Mortgage' or HECM. Your home, a symbol of your hard work and family memories, now also serves as a tool for financial stability. Use a Reverse Mortgage for home maintenance, improvements or even toward the dream of a new home. Embrace the concept of a Reverse Mortgage, and welcome to a future filled with possibilities.

Continue reading to learn more about your options, or contact a reverse mortgage and HECM pro today to get started!

Chat with a Specialist

Get access to my home equity with no monthly principal & interest mortgage payment.**

Call 844-4GR-HECM 7am - 8pm CST

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What are the facts on Reverse Mortgages &

- Run your numbers to see how much you qualify for in as few as 5 mins and fund the retirement you've worked hard to achieve.
- Borrowers have responsibilities such as property upkeep, property tax, and homeowner's insurance.
- While all HECMs are reverse mortgages, the opposite is not true - not all reverse mortgages are HECMs. The specific differences between these two terms will be further elaborated.
- Misconceptions and misunderstandings exist around these loans, but recent updates to rules and regulations provide enhanced protection for borrowers.

What are the Benefits of a HECM or Reverse Mortgage?

No monthly principal & interest mortgage payment*

Eliminate your monthly principal & interest mortgage payment for as long as one of the borrowers live in the home. You do not need a present mortgage to qualify.

Stay in your home

are able to. You still pay your property taxes, insurance, and other property charges, as well as maintain the home.

Line of credit options available**

Access your home equity whenever you need it with a line of credit that can grow over time with an ever-increasing credit limit.

No monthly principal & interest mortgage payment*

Eliminate your monthly principal & interest mortgage payment for as long as one of the borrowers live in the home. You do not need a present mortgage to qualify.

Stay in your home

You live in the house as your primary residence for as long as you like or are able to. You still pay your property taxes, insurance, and other property charges, as well as maintain the home.

Line of credit options available**

can grow over time with an ever increasing credit limit.

What's the Difference Between a HECM & Reverse Mortgage?

The term "HECM" refers to a specific type of reverse mortgage that is insured by the FHA, while "reverse mortgage" is a broader category that includes various types of loans that allow homeowners to convert home equity into useable funds for any purpose without monthly payments.

HECMs are regulated and insured by the FHA, while other reverse mortgages may be offered by private lenders and not backed by the FHA.

What are the different HECM options?

HECM Type	Who is it for?	What does it do?	What are the benefits?
Traditional HECM	Current homeowners or those with an existing conventional mortgage and/or home	Those 62 and older can utilize a reverse mortgage for a new home purchase	Available for homeowners with an existing HECM

		payments	
HECM for purchase	Allows borrowers to refinance their current mortgage into a new HECM loan	Helps retirees to move to a better-suited home by leveraging the sale of their current property and combining it with a reverse mortgage loan	Allows HECM borrowers to refinance their current reverse mortgage into a new HECM loan
HECM to HECM Refi	Eliminates the monthly principal and interest payment Increase monthly cash flow	Monthly mortgage payments are not required The loan is repaid when the home is sold, the homeowner moves out, or passes away	Potentially lower costs and increase available funds.
Jumbo / Portfolio Reverse Mortgage	For homeowners with high-value properties that exceed the FHA loan limits	Allows some homeowners to access a larger portion of their home equity	Helps homeowners access larger sums of money

The 5 Steps to a Reverse Mortgage or HECM

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1 Education

A licensed loan officer will assess your individual needs and share the benefits of a HECM or reverse mortgage with you.

2 Counseling

financial decision.

3 Application

An expert loan officer will be by your side to let you know exactly which supporting financial documents you'll need to provide.

4 Appraisal

A home appraisal will be scheduled to determine your property's value and ensure your home is in a livable condition.

5 Closing

It's time to sign the final documents.

Talk to a HECM Pro

Talk to a HECM Pro

Home Equity Conversion Mortgage FAQs

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A HECM mortgage is a loan that enables homeowners and homebuyers age, 62 years old or older to convert a portion of their home equity into cash or a line of credit. There is also an option that alows homeowners to finance a new home purchase. With a HECM mortgage, you can choose not to make monthly principal payments. You continue to live in and own your home.

*Unlike a traditional home equity loan or home equity line of credit (HELOC), you don't have to repay a HECM mortgage until the home is sold or the last surviving borrower (or a non-borrowing spouse who meets certain requirements) no longer lives in the home, as long as you meet loan obligations. The homeowners must maintain the condition of the home and stay current with property taxes and hazard insurance.

For certain proprietary ® products only, excluding Massachusetts, New York, and Washington, where the minimum age is 60, and North Carolina, Texas, and Utah, where the minimum age is 62.

What are my loan obligations?

The HECM mortgage borrower must meet all loan obligations, including living in the property as the principal residence and paying property charges, including property taxes, fees, hazard insurance, as well as homeowners association fees, if any. The borrower must maintain the home. If the borrower does not meet these loan obligations, then the loan will need to be repaid.

How much do I qualify for?

Speaking with an experienced loan officer is the best way to get concrete numbers that reflect your individual situation. The amount you may qualify for is highly dependent on several variables, including: your age, the state you live in, current interest rates, your home's value, and the HECM product and disbursement option you choose.

How will I receive my cash?

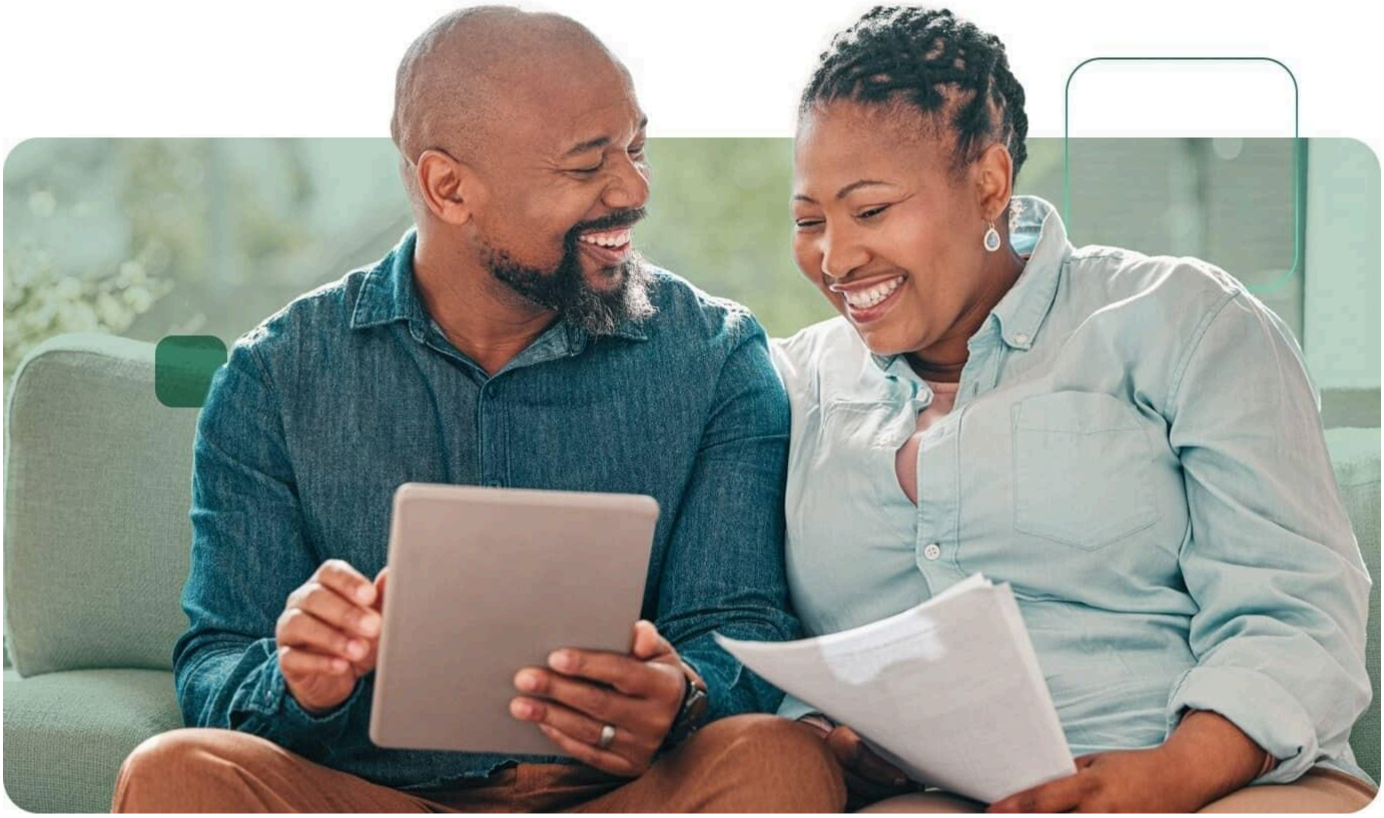
For most products, you have the ability to access your home equity in the way that makes the most sense for your financial needs. Options include receiving a lump sum upfront, setting up monthly disbursements, establishing a line of credit – or a combination of all three.

Typically, a HECM mortgage ends when you no longer use the home as your primary residence. This could be due to several factors, including a permanent move, selling the home, or the last borrower passing away. At this time, the balance must be repaid.

It's important to remember that HECM mortgages are non-recourse loans, which means that you, or your estate, can't owe more than the value of your home when the loan becomes due and the home is sold.

What are the differences and benefits of reverse mortgages and home equity conversion mortgages?

Do you want to get access to your home equity, but aren't certain which option is right for your needs? The team at Rate can help. Check out the differences between a reverse mortgage and a home equity conversion mortgage.



Still curious about a Reverse Mortgage or HECM? Read on

How does a reverse mortgage work?

A reverse mortgage can be a great way to access additional funds during your retirement by tapping into the equity you've built up in your home. A steady influx of extra cash each month can help...

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home while forgoing required monthly mortgage payments. Unlike a traditional mortgage...

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Types of Reverse Mortgages

Do you want to get access to your home equity, but aren’t certain which option is right for your needs? The team at Rate can help. When looking to tap into home equity, homeowners...

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**This is not a commitment to lend. The borrower must meet all loan obligations, including living in the property as the principal residence and paying property charges, including property taxes, fees, and hazard insurance. The borrower must maintain the home. If the borrower does not meet these loan obligations, then the loan will need to be repaid. Otherwise, the loan must be repaid when the last borrower passes away or sells the home. Prices, guidelines and minimum requirements are subject to change without notice. Some products may not be available in all states. Subject to review of credit and/or collateral; not all applicants will qualify for financing. It is important to make an informed decision when selecting and using a loan product; make sure to compare loan types when making a financing decision. This material has not been reviewed, approved or issued by HUD, FHA or any government agency. Rate, Inc. is not affiliated with or acting on behalf of or at the direction of HUD, FHA or any other government agency. To find a HECM Mortgage counselor near you, search the HECM Counselor Roster at https://entp.hud.gov/idapp/html/hecm_agency_look.cfm or call (800) 569-4287.

When the loan is due and payable, some or all of the equity in the property that is the subject of the HECM mortgage no longer belongs to borrowers, who may need to sell the home or otherwise repay the loan with interest from other proceeds. The lender may charge an origination fee, mortgage insurance premium, closing costs and servicing fees (added to the balance of the loan). The balance of the loan grows over time and the lender charges interest on the balance. Borrowers are responsible for paying property taxes, homeowner's insurance, maintenance, and related taxes (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 (and the property may be subject to a tax lien, other encumbrance, or foreclosure) when the last borrower, or eligible non-borrowing surviving spouse, dies, sells the home, permanently moves out, defaults on taxes, insurance payments, or maintenance, or does not otherwise comply with the loan terms. Interest is not tax-deductible until the loan is partially or fully repaid.

Charges such as an origination fee, mortgage insurance premiums, closing costs and/or servicing fees may be assessed and will be added to the loan balance. The loan balance grows over time, and interest is added to that balance. Interest on a reverse mortgage is not deductible from your income tax until you repay all or part of the interest on the loan. Although the loan is non-recourse, at the maturity of the loan, the lender will have a claim against your property and you or your heirs may need to sell the property in order to repay the loan or use other assets to repay the loan in order to retain the property. You should know that a reverse mortgage is a negative amortization loan which means that your mortgage balance will increase while your home equity decreases if you do not make principle and interest payments on your loan. This may make it more difficult to refinance the loan or to obtain cash upon the sale of the home. However, you will never owe more than the home is worth when the loan is repaid.

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