

What is a Reverse Mortgage?

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A reverse mortgage is a loan which allows the eligible senior homeowner(s) to gain access to some of their home equity without having to sell, move out, or continue with a monthly repayment obligation.

Who is eligible?

All borrowers must:

- Be at least 62 years of age
- Occupy the home as a principal place of residence
- Own the home and have equity in the home

How is a reverse mortgage different from a home equity loan or standard mortgage?

- No monthly payment requirement
- Little or no cash required up front – closing costs can be financed into the loan
- Reverse mortgage loans are a “rising debt, falling equity” type of loan

How much money can a senior get from a reverse mortgage?

The maximum amount depends on:

- Home appraisal value
- Age of the youngest borrower (the older you are, the more equity you can access)
- Interest rates and fees at the time the loan is closed with the lender

What is the purpose of a reverse mortgage counseling session?

Counseling is required by Housing and Urban Development (HUD) and a certificate of counseling will be given to the senior homeowner(s) at the end of the appointment. HUD requires counseling so that borrowers understand implications of a reverse mortgage.

What role does the counselor play?

The counselor is an impartial third-party who does not have a stake in whether or not the senior obtains a reverse mortgage.

LSS counselors are not here to tell the home owner what to do; our role is to provide information and education about reverse mortgage including:

- Alternatives to a reverse mortgage
- How funds can be received from a reverse mortgage
- Costs of the loan
- How it can affect public benefits
- When a reverse mortgage becomes due and payable

Information shared with the counselor is strictly confidential and will not be shared with any lender.