

Reverse Mortgage FAQ

What is a reverse mortgage?

A. A reverse mortgage is a loan that allows homeowners who are 62 years old or older to convert equity in their home into income without having to sell, rent out, or pay monthly payments on their home.

How is a reverse mortgage like or unlike a Home Equity Loan?

A. It is the same in the sense that both convert equity in your home into easily accessible money. It is different in the sense that as long as you live in the home then you make no monthly payments.

How does my income affect my ability to qualify for a reverse mortgage?

A. It doesn't. Reverse mortgages are based on the equity in your home, and since you make no monthly payments, there are no income requirements.

Why should I get a reverse mortgage?

A. Reverse mortgages allow you to be independent, stay in your home, have no mortgage payments, and get tax-free money.

Who owns my home if I get a reverse mortgage?

A. You, as the borrower, retain the title to your home. The reverse mortgage lender is simply extending you a loan. You remain responsible for taxes, insurance, utilities, maintenance, and any other expenses associated with home ownership.

Can I refinance a reverse mortgage?

A. Yes. If the value of your home increases or interest rates drop dramatically, you may want to consider refinance options.

Could the amount I owe ever get higher than my home is worth?

A. No. You will never owe more than your home is worth. In addition, because a reverse mortgage is a "non-recourse" loan, the lender can only use the home as collateral for the loan. They cannot seek repayment from your income, assets, or estate.

Could I lose my home if live longer than the length of the loan?

A. No. In fact, you do not have to repay the loan as long as you (or another borrower) live in, pay the taxes on, and maintain insurance for the home.

How much money can I get from a reverse mortgage?

A. The amount you can borrow depends on your age, the type of reverse mortgage, interest rates, and the details of your home. Typically, the older you are, more valuable your home is, and less you owe, the more money you can get.

How do I get the money for my reverse mortgage?

A. In most cases, you choose how you want your money delivered. Common options include the following:

- A lump sum
- Monthly payments for entire time of residence
- Equal monthly payments for a fixed time period
- A line of credit allowing you to draw money as needed
- A combination of any of these above

What requirements/restrictions does a reverse mortgage have?

A. You must be 62 years or older, but no income, health, or credit qualifications exist.

Can I get a reverse mortgage if I have a 1st or 2nd mortgage on my home?

A. Yes. As long as you have sufficient equity in your home, you can still take out a reverse mortgage. The funds from your reverse mortgage will first go to paying off your existing mortgages but any additional available funds can then be used for whatever purpose you chose.

Can I get a reverse mortgage on my second or vacation home?

A. Unfortunately, you cannot. Reverse mortgages can only be pulled for your primary residence.

When do I have to pay a reverse mortgage back?

A. Your reverse mortgage becomes due and must be paid in full if:

- All borrowers pass away
- All borrowers permanently move out of the home
- All borrowers fail to live in the home for 12 consecutive months due to physical or mental illness.
- The property taxes or home insurance is not paid
- Deterioration (beyond reasonable wear and tear) of the home occurs

To learn more contact:

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