

## What is a Reverse Mortgage?

- Home Equity Conversion Mortgage (HECM): Borrower gets cash in exchange for home equity. (Equity is the value of your ownership stake in your home, or what you could sell your home for minus what you owe on your mortgage.)
- Loan balance increases—Interest and fees are added every month to the principal balance (the amount you owe).
- Borrower does not have to repay during their lifetime unless they move out, default on the loan or fail to pay taxes and insurance.



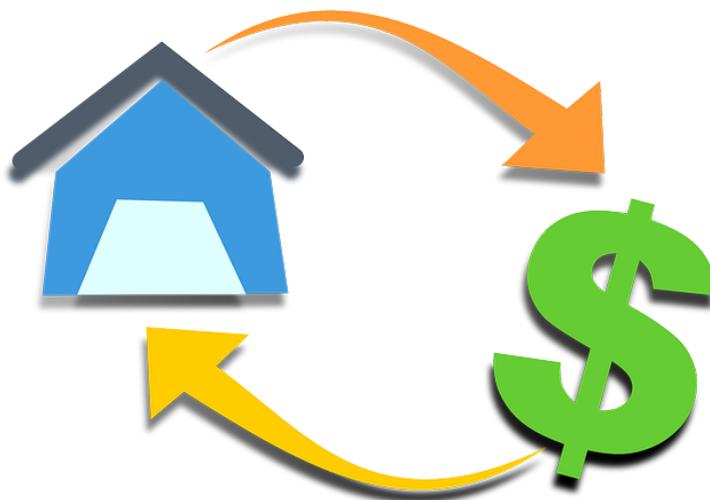
## Who Qualifies?

The applicant must:

- Be at least 62 years old.
- Live in the home.
- Own the property outright or have paid down a large amount.
- Meet financial requirements—Lender will verify income, assets and expenses.

## What Are the Costs?

- Origination fee
- Third party charges
- Mortgage insurance premium
- Interest
- Servicing fees



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## Reverse Mortgage Tips

- Do not decide about a reverse mortgage alone.
- Prepare questions for the HUD approved counselor.
- Understand the terms, up-front costs and what happens when the loan is due or if you default.
- Know your alternatives.

## Warnings

- Do not draw more money than you need.
- Do not invest money from a reverse mortgage.
- Never remove a younger spouse from deed and mortgage.
- Remember that homeowners still must pay taxes, insurance and upkeep. Failure to do so will result in default.
- Do not sign documents you don't understand or that have incorrect information.
- Beware of someone pushing a reverse mortgage who tells you what to do with the money.



## For More Information

Consumer Financial Protection Bureau:

Visit [www.consumerfinance.gov/consumer-tools/reverse-mortgages/](http://www.consumerfinance.gov/consumer-tools/reverse-mortgages/) or call (855) 411-2372 or TTY (855) 729-CFPB (2372).

U.S. Department of Housing and Urban

Development: Visit [www.hud.gov/program\\_offices/housing/sfh/hecm/hecmhome](http://www.hud.gov/program_offices/housing/sfh/hecm/hecmhome) or call (800) CALL-FHA (225-5342) or TTY (800) 877-8339.

AARP:

Visit [www.aarp.org/money/credit-loans-debt/reverse\\_mortgages/](http://www.aarp.org/money/credit-loans-debt/reverse_mortgages/)

Federal Trade Commission: Visit

[www.consumer.ftc.gov/articles/0192-reverse-mortgages](http://www.consumer.ftc.gov/articles/0192-reverse-mortgages)



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