

Frequently Asked Questions about Reverse Mortgages

1. What is a reverse mortgage?

A reverse mortgage is a special type of home loan that lets you convert a portion of the equity in your home into cash. The equity that you have built up over years with home mortgage payments can now be paid back to you. But unlike a traditional home equity loan or second mortgage, no repayment is required until the borrower(s) no longer uses the home as their principal residence. A reverse mortgage is a program backed by the FHA and guarantees that you can stay in your home as long as you wish.

2. If I get a reverse mortgage, does that mean that the Bank owns my house?

NO. Your name remains on the title and you have the same ownership rights that you have with any other type of mortgage.

3. How can I qualify for an FHA-backed reverse mortgage?

To be eligible for a reverse mortgage, the FHA requires that you be a homeowner 62 years of age or older, own your home, and you must live in the home as your "primary residence". You are further required to receive consumer information counseling prior to obtaining the loan. Mortgage Linc can provide you with a list of HUD-approved counseling agencies convenient for you.

4. Can I apply if I didn't buy my present house with FHA mortgage insurance?

Yes. It doesn't matter if you had an FHA-insured mortgage before or not. It doesn't matter what type of mortgage you have had in the past or if you currently have one or not. Your new reverse mortgage will be FHA-insured.

5. What types of homes are eligible?

To be eligible for a reverse mortgage, your home must be a single family home or a 1-4 unit home with one unit occupied by you. HUD-approved condominiums and manufactured homes that meet FHA requirements can also be eligible.

6. Can the lender take my home away if I outlive the loan?

NO! You cannot outlive the loan! You do not need to repay the loan as long as you or one of the borrowers continues to live in the house and keeps the taxes and insurance current. Also, you can never owe more than the value of the home at the time you or your heirs sell it.

7. Will I still have an estate that I can leave to my heirs?

YES. When you sell your home, you or your estate will repay the cash you received from the reverse mortgage plus interest and fees. The remaining equity in your home, belongs to you or to your heirs.

8. How much money can I get from my home?

The amount you can borrow depends on your age, the current interest rate, and the appraised value of your home. Please call us and we will investigate your situation and give you an idea of what you may be able to borrow.

FOR ANY OTHER QUESTIONS, CALL US AT 205-987-2350