

## **Reverse Mortgage HECM At - A - Glance**

### **An Overview of the Home Equity Conversion Mortgage**

**FHA Insured HECM Reverse Mortgages** allow older homeowners to access equity without the requirements of making monthly payments back to the lender. Repayment is in one lump sum after the owners leave the home permanently.

**The owner (primary residence & age 62+)** receives cash, line of credit or a monthly income. Existing mortgages and liens are paid off and monthly payments are eliminated. The amount available is based on the age of the youngest owner, value of the home up to the lending limit and the current interest rate. Current FHA lending limits or maximum home value used is \$625,500. This lending limit is extended through the end of 2010.

**Qualifying is easy** with no income or credit qualifications. The only upfront fee is for reverse mortgage counseling (\$75 to \$125).

**You retain title and ownership** and benefit from any appreciation. You can make partial payments or pay the entire balance at any time without penalty. Your estate may keep the property after the principal balance is paid or sell the home and benefit from the proceeds of the sale.

**Costs include FHA Mortgage Insurance Premium (MIP)**, origination fee and costs associated with processing the mortgage such as title insurance, appraisal and recording fees. There is no application fee and the appraisal fee is typically added to the financed loan fees.

**The loan will be due** when the last surviving borrower permanently moves away from the home or passes away. If absence is due to illness, the loan will become due after 12 month of absence. The loan will also become due if property taxes or homeowner's insurance are not paid or if the property deteriorates beyond what is considered reasonable. Repayment of the loan balance must be in one lump sum.

**There is no personal liability on the debt.** The legal obligation to pay back the loan is limited by the value of the home at the time the loan becomes due. You or your heirs will not be responsible for payment of the portion of the loan balance that exceeds the property value although any deficiency may be taxed, please consult your tax advisor.

**Eligible home types:** single family, townhomes, PUD and certain manufactured homes. Qualifying Co-op's expected to be eligible in 2010.

**Counseling Certificates** are required prior to ordering an FHA case number. You'll need a pre-counseling packet and HECM calculations prior to scheduling an appointment.