Is a Reverse Mortgage Right for Me?

ReverseMortgages.com, Inc.

Maybe you've heard about HECM reverse mortgages, and you've learned a little bit about them. You may have already spoken to a lender, or you've seen ads on television. Maybe you've been thinking about the possibilities a HECM reverse mortgage might offer, but you're wondering if it would be right for you.

This chart presents facts about HECM reverse mortgages so you can decide whether it fits your needs.

A HECM reverse mortgage might be a good fit for you if:

- Your retirement income isn't enough to cover your expenses, but you have substantial home equity.
- You want to stop making a monthly mortgage payment, and you have enough income and a long-term plan to cover property taxes, homeowner's insurance, home maintenance and other fees related to home ownership.
- You intend to continue living in the home for the long term—at least 20 years or more.
- Your spouse is at least age 62 and will be on the home's title, or your spouse who is under age 62 qualifies as a "nonborrowing spouse." To qualify as a nonborrowing spouse:
  - The property taxes and homeowner's insurance must be up to date;
  - The home must be maintained as required in the loan terms;
  - The spouses were legally married or in a committed same-sex relationship that resulted in legal marriage after the loan began;
  - The nonborrowing spouse lived in the home as a principal residence for the duration of the HECM; and
  - The nonborrowing spouse can obtain title or the legal right to remain on the property after the last surviving borrower has died.

Why a HECM reverse mortgage might not work for you:

- If your home equity amount is small, it may be a short-term solution that won't resolve your long-term needs.
- While a reverse mortgage doesn't require monthly loan payments, borrowers are still responsible for paying property taxes, homeowner's insurance, home maintenance and other fees, such as for a condo association. If the homeowner can't afford to pay these, the lender may foreclose on the property.
- Regular fees, such as mortgage insurance premiums, can be expensive and may not be worth the cost to your equity if you don't plan to stay in your home long. The up-front fees and other costs of a reverse mortgage also may not be recouped if you stay in your home a short time.
- All borrowers for HECM reverse mortgages must be at least age 62 to be part of the loan. Spouses who are not age 62 may be left off the home's title for the loan to proceed; however, when the borrower is no longer living in the home or passes away, the surviving spouse will have to qualify as a "non-borrowing" spouse in order to remain in the home. Otherwise, the surviving spouse may have to refinance the home or relocate.

- You want to retain the title to your present home.
- You've discussed the effects of a reverse mortgage with your state caseworker for Medicaid and/or public assistance and know the reverse mortgage funds will not affect your benefits.
- You need additional funds to pay for long-term care, such as long-term care insurance, in-home services, home modifications, or other needs.
- You've had a housing counselor or financial adviser analyze your resources and determine you should access your home equity now for supplemental funds.
- You've analyzed your financial options to reduce your expenses, including programs to lower your bills or downsizing to a smaller home, and you've determined that you have no other resources to generate additional funds.
- You aren't concerned about leaving your home's equity to your heirs. You're willing to use your home's equity to meet your present and long-term needs.

- You are unable to manage your responsibilities under the loan terms, such as paying property taxes, homeowner's insurance and other property-related fees. Your long-term needs may not be supported in your current home.
- You're not sure whether reverse mortgage funds could affect your state benefits, such as Medicaid or public assistance. Speak to your caseworker to confirm. A reduction in your state benefits could harm you in the long run.
- You already have services and modifications in place and won't need additional funds to cover them. You may not remain in your home for the long term.
- Talk to a housing counselor or financial adviser about your income and expenses to determine whether an HECM reverse mortgage could be among your options.
- You have other resources or could minimize expenses by downsizing or lowering your bills.
- If you want to ensure your home equity is part of your estate, a HECM reverse mortgage may not be the best option for you. With a reverse mortgage, you will deplete your home's equity, and your heirs may have to sell the house to repay your loan.

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