

Reverse Mortgage

Disbursement Options

What is disbursement?

Disbursement, also known as "payout," is how your reverse mortgage funds are paid to you.

Disbursement can be made in three different ways: lump sum, line of credit or a monthly term payment.



Lump Sum

With a fixed-rate reverse mortgage, you can take your funds in a lump sum. The benefit of the lump-sum option is that it provides greater funds up front.

Line of Credit

A line of credit offers flexible and easy access to funds. Draw on the loan in any amount or frequency you choose. You'll only be charged interest on the amount of money used from the line of credit.



Monthly Term

You can receive monthly payments from your reverse mortgage funds for an established amount of time. The monthly term option can be combined with a line of credit so you can benefit from both.

Combination

You can combine all three disbursement options for an immediate cash advance, credit line and monthly term payment.



Disbursement Rules

Changing Your Disbursement Options

You can change your payout option after the closing date for an additional fee as long as funds are still available to be drawn.

Disbursement Cap

FHA limits the amount of funds you may access in the first year. This limit is based on several factors, such as how much you currently owe on your home.