Reverse Mortgage Tips & Considerations

Below is a list of important considerations we cover with our clients when they are considering a Reverse Mortgage. Please feel free to share this with anyone who might benefit from these suggestions.

Non-Borrowing Spouses - If one spouse cannot be included because they do not meet the age requirement, we suggest our program option that protects that spouse upon the passing of the qualifying borrower. This can allow the spouse to remain in the home without a required mortgage payment, subject to program requirements.
Government Benefits - Some programs may limit the amount of cash a recipient may hold. A Reverse Mortgage can be structured as a line of credit, so funds are accessed only as needed. Please note: Recipients should consult a qualified benefits advisor for information and advice pertaining to public benefits. If that advisor is not familiar with the Reverse Mortgage structures, we are available to answer any questions they may have.
Keeping a Low-Rate First Mortgage- Homeowners with a favorable first-mortgage rate may not need or want to replace it. Our Reverse Second Mortgage option can provide access to additional equity while allowing an existing first mortgage to remain in place.
Equity Protection – For borrowers concerned about preserving equity for heirs, we have a Reverse Mortgage option that allows a predetermined portion of the home's equity to be protected. Because this feature is not offered by every lender, it is important to work with one who has access to this program if this is a priority.
When Reverse Mortgages Are Not the Best Option – A Reverse Mortgage can be an excellent solution in many situations, but it is not right for everyone. Borrowers can benefit from working with a lender who understands both Reverse Mortgages and traditional financing options to ensure they are being directed to the most appropriate program based on their individual needs and circumstances.

Repair & Accessibility Opportunity – A Reverse Mortgage appraisal is not a full home inspection. For homeowners planning to remain in the property long term, we recommend a thorough inspection by a licensed contractor. They may want to take this opportunity to do repairs, updates, and Universal Access improvements.
Purchase Options – Some seniors may be better served by selling their current home and purchasing one that is more manageable, affordable, accessible, or closer to family. Many feel that they are trapped in their current house because they think their income isn't sufficient for them to qualify for financing a more suitable home. A Reverse Mortgage for Purchase can help make that move possible, since there is no income qualifying requirement. Because these transactions have unique considerations, borrowers and Realtors should work with a lender experienced in Reverse Mortgage purchases.
Qualifying Age – The FHA-insured HECM programs require borrowers to be at least 62. Our proprietary Reverse Mortgage programs are available to borrowers as young as 55 and may offer higher loan limits (*up to $4,000,000*).For borrowers who are between the age of 55 and 62, it is important that they are working with a lender who has access to these proprietary options.
Conservative Loan-to-Value – Many people believe that the bank will only loan a small percentage of the home's equity so the bank can increase the amount they receive upon the passing of the borrower. Reverse Mortgages generally limit how much of the home's value can be borrowed. Any equity remaining above the loan balance belongs to the homeowner and, after their passing, to their heirs - not the lender. Limiting the loan amount to a small percentage of the home's value actually protects the senior in the event they need to sell the home.
Payment Flexibility – Monthly mortgage payments are not required on Reverse Mortgages, but borrowers may elect to make payments at any time. They can pay interest only, principal and interest, or make lump-sum reductions. With eligible line-of-credit options, borrowers may also be able to pay down the balance and later re-access available funds.
Protecting Heirs – After the borrower and any protected non-borrowing spouse pass away, heirs generally have options to keep or sell the home and satisfy the Reverse Mortgage. However, since estate-transfer delays can affect timing, we recommend that Reverse Mortgage borrowers consider speaking with an estate-planning attorney about tools such as

a living trust. This can help to ensure that the heirs are able to do what they want with the property within the time the lender can give them to satisfy the Reverse Mortgage.
Strategic Energy Upgrades – When doing a Reverse Mortgage, many seniors take that opportunity to increase their monthly cash flow even further by investing in energy efficiency measures. Not only do energy upgrades lower utility bills, but they can also make the home much more comfortable and significantly improve the indoor air quality and health of the occupants. Homeowners making energy improvements may benefit from improving efficiency before adding solar. Air sealing, insulation, and other whole-home upgrades can reduce energy use, improve comfort, and potentially reduce the size of the solar system needed.
Cost of *Not* Doing a Reverse Mortgage – When considering a Reverse Mortgage, consider not only the loan costs but also the potential cost of not acting. For some seniors, a Reverse Mortgage may help prevent financial strain, support needed home improvements or make it possible to move to a home that better fits their needs. There are seniors who have lost their homes to foreclosure when they could have done a Reverse Mortgage and continued to live comfortably in their house. There are also a lot of seniors who are living in homes that are not allowing them to get the maximum enjoyment out of their golden years. They could use a reverse mortgage to purchase a more suitable home or to make improvements to their current home.