



Lutheran Social Service
for changing lives

For appointments call 888-577-2227
www.lssmn.org/debt

Reverse Mortgages Home Equity Conversion Mortgage (HECM) Counseling

◆ What is a reverse mortgage?

A reverse mortgage is a loan which allows the eligible senior homeowner(s) to gain access to some of their home equity without having to sell, move out, or having a monthly repayment obligation.

◆ Who is eligible?

All borrowers must:

- ◆ Be at least 62 years of age
- ◆ Occupy the home as a principal place of residence
- ◆ Own the home and have equity in the home

◆ How is a reverse mortgage different from a home equity loan or standard mortgage?

- ◆ No income requirements, few credit requirements, and no monthly payments
- ◆ Little or no cash required up front – closing costs can be financed into the loan
- ◆ Most reverse mortgage loans are a “rising debt, falling equity” type of deal

◆ How much money can a senior get from a reverse mortgage?

The maximum amount depends on:

- ◆ Home appraisal value
- ◆ Age of the youngest borrower (the older you are, the more money you get)
- ◆ Interest rates and fees at the time the loan is closed with the lender

◆ What is the purpose of a reverse mortgage counseling session?

Counseling is required by Housing and Urban Development (HUD) and a certificate of HECM counseling will be given to the senior homeowner(s) at the end of the appointment.

HUD requires counseling so that borrowers understand consequences of a reverse mortgage. The counselor is an impartial third-party who does not have a stake in whether or not the senior obtains a reverse mortgage. Counselors are not here to tell the home owner what to do; our role is to provide information and education about reverse mortgages including: alternatives to a reverse mortgage, how funds can be received from a reverse mortgage, costs of the loan, affect on public benefits, when a reverse mortgage becomes due and payable and much more.

Information shared with the counselor is strictly confidential and will not be shared with any lender.



NFC MEMBER
NATIONAL FOUNDATION FOR
CREDIT COUNSELING
People Who Care