

Consumer Safeguards

Experience greater financial security through a federally-insured loan.

There are many types of reverse mortgages, however more than 95% closed are Federal Housing Administration (FHA) Home Equity Conversion Mortgage (HECM) loans.

The HECM guarantees the full protection of the U.S. Government. Some other safeguards include:

No Maturity Date– A reverse mortgage will not become due, nor will it require repayments during the homeowner’s lifetime.

No “Extra” Costs– The borrower is made fully aware of the total loan costs over the projected life of the loan.

Standard & Capped Interest Rates– On HECM mortgages, interest rates are adjusted either monthly or annually (the borrower chooses) and based on an index called the 1-year U.S. Treasury Constant Maturity Rate.

Limitation on Fees– Origination fees are limited by HUD regulations and may be financed as part of the reverse mortgage. This means there are very little out-of-pocket expenses.

Asset Protection– The HECM Reverse Mortgage is a “non-recourse” loan. This means the amount due can never exceed the home’s value. Any remaining equity after repayment of the loan belongs to the homeowner or the estate.

No Prepayment Penalty– Although the loan is not due until the borrower permanently vacates the home, it can be paid off at any time, with no additional costs.

No Cancellation Penalty– After the loan closes, the borrower has up to three days to cancel the transaction for any reason whatsoever.