



REVERSE MORTGAGES: Frequently Asked Questions



Whether using HUD's Home Equity Conversion Mortgage (HECM) or Bay Equity's proprietary product line of reverse mortgages, we have solutions.

- May be available starting at age 55 depending on the state you are located. Call for details.
- No monthly mortgage payments
- Flexible availability of funds (monthly payments, line of credit, cash, or a blend of the options to fit your needs)
- No maximum property value
- HUD and non-HUD approved condominiums available

Purchase a new primary residence or access the equity in your current home.

Use the funds for any purpose, including:

- Supplement to your monthly income with tax-free proceeds
- Access to cash for sudden expenses
- Eliminate your current monthly mortgage payment
- Making repairs or improvements to your home
- Purchase of a second residence, automobile, or RV
- Pay for needed medical and dental care and prescription medications
- Pay for in-home health care
- Travel

How much money can I receive and how?

Reverse Mortgages are highly customizable to fit your situation. The amount of money available is based on the age of the younger borrower, the value of the home, and current interest rates.

The proceeds must first be used to pay off any existing loans or liens against the property and the remaining funds can be disbursed in any number of ways. Some seniors choose to take a guaranteed payment for life, others choose to take it for a specific term.

There is also the ability to draw cash at closing or leave the funds in a growing line of credit for future use. The more common way is to blend these choices.

Will I give up the ownership of my home?

Like traditional home loans or lines of credit, you don't give up the ownership of your home. A Reverse Mortgage is simply a lien against your home. You are free to refinance, pay off the loan without penalty should you wish (although no monthly payments are required) or sell the home should your needs change.

You will still be able to pass the home to your heirs. In the event that more is owed on the loan balance than the future value of the home, neither you nor your estate will have to make up the difference.

Who pays the property taxes and insurance on the home?

Because you will continue to own the home, you are responsible for payment of property taxes, homeowner's insurance, Homeowners Association due (if any) will continue to be your responsibility. You may elect to have a portion of the funds set aside for future payment of taxes and insurance.

When does the loan come due?

The loan will continue as long as at least one borrower lives in the property as a primary residence, or in the case of a non-borrowing spouse, while that spouse remains in the home. Otherwise, the loan will come due only when the homeowner fails to pay property taxes, insurance, property related charges, or fails to comply with the terms of the financing instruments.

Are the funds I receive taxable? Does receipt of the money affect my Social Security, Medicaid, or retirement income?

Because the funds are the proceeds of a loan, they are not considered taxable income and will not affect Social Security, Medicaid, or pension income. Some forms of subsidized Medicaid have restrictions on cash on hand so we will work with you to structure the loan in such a way as to avoid any reduction in services.

Should I consider a reverse mortgage even if I don't "need" the funds today?

One of the ways that seniors use the reverse mortgage is by leaving the funds available for future use in a growing line of credit. Any unused funds available in the line will grow over time, resulting in a larger cash amount in the future. Some seniors use this line of credit to offset investment risks, fund short-term purchases, or to simply let the line grow in value as a hedge against future expenses. Strategically used, a reverse mortgage can serve as a backstop against portfolio declines or exhaustion.

Additional Reverse Mortgage Resources

- National Reverse Mortgage Lenders Association: Self Evaluation [CLICK HERE](#)
- National Reverse Mortgage Lenders Association: Toolkit for Choosing the Right Home Environment [CLICK HERE](#)
- National Reverse Mortgage Lenders Association: Recognize & Report Financial Abuse [CLICK HERE](#)
- National Reverse Mortgage Lenders Association: What Do I Do When My Loan is Due? [CLICK HERE](#)



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