



SeniorLAW Center

Protecting the Rights of Older Pennsylvanians

REVERSE MORTGAGE FACT SHEET

***What is a reverse mortgage?**

A financial product that permits homeowners over the age of 62 to receive income from owning their home.

*** How does it work?**

It turns the homeowner's equity into cash.

*** What is equity?**

It's the value of your home minus the money you owe on any mortgages or liens.

*** How much money can I get?**

It depends on the amount of equity in the home, your age and the interest rate on the reverse mortgage.

*** How is the money paid out?**

In a single payment or in a fixed monthly amount or as a line of credit available when you need it. The largest amount of cash usually comes from the Home Equity Conversion Mortgage guaranteed by the U.S. government.

*** Will the cash I receive be counted as income and make me ineligible for public benefits?**

Maybe. If you receive SSI or Medicaid, you should consult an attorney before applying for a reverse mortgage.

*** When does the money get paid back?**

After you die or fail to live in the house for 12 consecutive months or when you sell the house.

*** What are the homeowner's obligations after getting a reverse mortgage?**

The homeowner must continue to pay real estate taxes and insurance and keep the house in good repair.

*** How much does a reverse mortgage cost?**

The fees range from \$2500 to \$6000 and must be paid before the homeowner receives any cash.

If you have questions, call the Pennsylvania SeniorLAW Helpline at 215-988-1244 or 1-877-PA SR LAW.