

[*The Essentials: Reverse Mortgages*](#) provides the following information for those considering a reverse mortgage as an option:

- 95% of reverse mortgages are Home Equity Conversion Mortgages (HECM). They are insured by the Federal Housing Administration (FHA).
- The amount one can borrow depends on age, type of reverse mortgage, current interest rates, location of the home, value of the home, and FHA lending limits in that area. For HECM loans, there is currently a \$625,500 borrowing cap for most areas.
- The costs associated with a reverse mortgage typically include an origination fee, other closing costs, and for HECM loans, both an upfront mortgage insurance premium and an ongoing premium. These costs can be included in the loan and paid (with interest) when the reverse mortgage becomes due. A monthly service fee may also apply.
- With a reverse mortgage there are no monthly mortgage payments. However, as long as borrowers still live in and own their home, they continue to pay their property taxes, homeowner's insurance, and any home maintenance. The loan, including accrued interest and any service fees, becomes due when the borrower (or last borrower for a couple) dies, sells the house, moves permanently to a new residence, or fails to live in the home for twelve consecutive months.
- Borrowers may choose to receive funds as a lump sum payment, where the cash will be available immediately, in equal monthly payments for a fixed number of months (or for as long as one borrower lives in the home), as a line of credit to draw funds as needed, or any combination of these options.
- Interest rates for most reverse mortgages are tied to a financial index and vary according to market conditions. Some financial institutions offer both fixed- and variable-rate reverse mortgages.

The MetLife Mature Market Institute®

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The Essentials: Reverse Mortgages can be found at www.maturemarketinstitute.com under "In Focus." You may also order a printed copy by sending an email to MatureMarketInstitute@MetLife.com, calling 203-221-6580, or writing to MetLife Mature Market Institute, 57 Greens Farms Road, Westport, CT 06880.

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