

# Home Equity Conversion Mortgages (HECM)





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## What is a **Reverse Mortgage?**

A reverse mortgage is a non-recourse loan, which means the borrower (or the borrower's estate) of a reverse mortgage will not owe more than the future loan balance or the value of the property, whichever is less. If the borrower or representatives of his or her estate choose to sell the property to pay

off the reverse mortgage loan, no assets other than the home will be used to repay the debt. If the borrower of his or her estate wishes to retain the property, the balance of the loan must be paid in full if the value of the property exceeds the loan amount.



This is not a commitment to lend or extend credit. All loans are subject to credit approval including credit worthiness, insurability, and ability to provide acceptable collateral. Not all loans or products are available in all states or counties. A reverse mortgage is a loan that must be repaid when the home is no longer the primary residence, is sold, or if the property taxes or insurance are not paid. This loan is not a government benefit. Borrower(s) must be 62 or older. The home must be maintained to meet FHA Standards, and you must continue to pay property taxes, insurance and property related fees or you will lose your home. Bank of England is not affiliated with any government agency. Bank of England Mortgage is a division of Bank of England. NMLS 418481. Member FDIC.



# Reverse Mortgages/ Home Equity Conversion Mortgages

## Let Your Home Take Care of You

Home Equity Conversion Mortgages were created specifically for senior homeowners, allowing them to make the most of the equity they have acquired in their homes.

With a reverse mortgage, you borrow against the equity you have

established in your home and do not need to repay the loan for as long as you live in the home as your primary residence, maintain your home in good condition, and pay taxes and insurance on time as well as other property changes such as homeowners association or condominium fees. You can live



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in your home and enjoy making no monthly principal and interest mortgage payments.

Depending on your financial situation, a reverse mortgage has the potential to help you stay in your home and still meet your

financial obligations.

While reverse mortgages may not be for everyone, getting in touch with a reverse mortgage specialist will answer many of your questions and help walk you through the process.





# Reverse Mortgages vs. Traditional Mortgage



A reverse mortgage is the opposite of a traditional mortgage.



## Reverse Mortgages

With a reverse mortgage, you receive loan proceeds based on the value of your home, the age of the youngest borrower, and the interest rate of your loan. You are not required to make monthly principal and interest mortgage payments for as long as you live in your home, maintain your home in good condition, and other property charges such as

homeowners association or condominium payments. The loan must be repaid when you pass away, sell your home, or no longer live in the home as your primary residence.

## Traditional Mortgage

With a traditional mortgage, you borrow money and make monthly principal and interest mortgage payments.

## Home Equity Conversion Mortgage (HECM)

**A Home Equity Conversion Mortgage, or HECM, is the only reverse mortgage insured by the U.S. Federal Government, and is only available through an FHA-approved lender.**

If you're age 62 or older, a Home Equity Conversion Mortgage (HECM) for purchase from Bank of England Mortgage may be a smart choice for financing a new



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## Home Equity Conversion Mortgage (HECM) continued....

place to call home. Rather than having to seek conventional financing, borrowers age 62 and older can purchase a new residence while eliminating mortgage payments\* through a reverse mortgage (Of course, they'll still be responsible for

paying property taxes and required homeowners' insurance). Retiring individuals are choosing to maintain a comfortable lifestyle in a home that better fits their needs. You own the home, with your name on the title and the home purchase and a reverse mortgage closing are rolled into one, making your process simple.



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# How Much Can Be Borrowed?



In general, the more your home is worth, the older you are, and the lower the interest rate, the more you will be able to borrow.

The maximum amount that can be borrowed on a particular loan program is based on these factors:

1

The age of the youngest borrower at the time of the loan

2

The appraised value of the home

3

Current interest rates



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# Initial Eligibility Requirements for Reverse Mortgages

The initial eligibility requirements are as follows:

Homeowners must be 62 years of age or older and occupy the property as their primary residence

The property may be a Single family or a 2-4 Unit property, Townhome, or FHA-approved Condominium

The home must meet minimum FHA property standards

Borrower cannot be delinquent on any federal debt

Completion of HECM counseling



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Travel and  
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