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How a Reverse Mortgage Works

(A simple way to turn your home's value into cash — while keeping ownership

Section 1: What It Is

A reverse mortgage lets you access the money you've already built up in your home — without selling it or making monthly payments.

You stay the owner. You stay in your home. You just free up some of your equity.

Section 2: How It Works (Step by Step)

1️⃣ You keep ownership – The home stays 100% in your name.

2️⃣ You access your equity – Borrow up to ~55% of your home's value (age and location matter).

3️⃣ You don't make payments – Interest is added to your balance; no monthly bills.

4️⃣ You repay later – When you sell, move into care, or pass away, the loan is repaid from the home's sale.

5️⃣ The rest goes to your heirs.

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Section 3: Key Benefits

✅ Stay in your home

✅ No income or credit check needed

✅ No monthly payments

✅ Tax-free cash

✅ Guaranteed you'll never owe more than your home is worth

Section 4: What Happens Later

If you move or pass away:

Ñ The home is sold (usually within 6 months)

The reverse mortgage balance is paid off

The remaining equity goes to your family

"It's your home, your equity, and your choice. This just helps your home start paying you back."

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How Reverse Mortgage Interest Works

Think of it like a faucet:

You're approved for a certain amount — say $100,000 — but the "water" only flows when you turn the tap on.

Interest is only charged on the money you actually use.

Example: You're approved for $100K, but you only draw $1,000/month. After 10 months, you've used $10,000 total.

➜ Interest is only charged on that $10,000 — not the full $100K.

5 Interest compounds monthly.

The unpaid interest gets added to the loan balance each month.

You don't make payments — it's all settled when the home is sold or the owner passes away.

ò No interest on unused funds.

If you never use the full amount, the unused portion doesn't cost a dime.

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û Two Ways to Access the Funds

Option	How It Works	Interest Charged On	Best For
¤ **Lump Sum**	Get all the funds upfront	Full amount right away	Paying off debts, major renovations
´ **Planned Advances**	Receive funds monthly or as needed	Only what's drawn	Boosting monthly income, smaller expenses

Quick Summary

"You only pay interest on what you actually use — not what you're approved for.

It's like having a financial safety net that only costs money when you use it."