Reverse Mortgage Myths

Clearing Up Common Misconceptions

At Loangevity Mortgage, we're committed to making sure you receive honest and accurate information about reverse mortgages so you can make an educated decision that's best for you.

Here are some of the most common misconceptions about Home Equity Conversion Mortgages (HECMs)—also known as reverse mortgages— and the truth behind these myths.

1 "A reverse mortgage requires giving up ownership of your home."

False. As the borrower, your name remains on the title and the home is still yours—just as it would be with any mortgage. You're required to continue paying real estate taxes, homeowner's insurance, and providing basic maintenance to your home. Once you no longer live in the home as your primary residence, the loan balance, including interest and fees, must be repaid.* This is usually done by the homeowner or their estate selling the house.

More information on reverse »

2 "A reverse mortgage should only be used as a last resort."

False. Many homeowners age 62 and older are now using a reverse mortgage strategically as part of a sound financial plan. For example, a reverse mortgage line of credit can serve as a cash reserve that you can tap as needed. (And unlike a traditional Home Equity Line of Credit, the unused reverse mortgage credit line actually grows over time.)

Or, monthly advances can help you supplement other retirement income, so you can avoid withdrawing savings or liquidating invested assets. In any case, no monthly mortgage payments are required,* which can improve your cash flow and help you live more comfortably. Your expert Paul Scheper from Loangevity Mortgage will be pleased to work with you and your financial advisor to develop a solution that's right for you.

3 "There are restrictions on how I can use the money from a reverse mortgage."

False. Reverse mortgage proceeds can be used in multiple ways. Among the most common uses are paying off an existing mortgage or other debt in order to have no monthly mortgage or debt payments; creating a cash reserve; supplementing monthly income; paying for home improvements; or covering medical bills or long-term care expenses.

4 "I could wind up owing more than my house is worth with a reverse mortgage, and leave my heirs with debt."

False. A HECM (Home Equity Conversion Mortgage) reverse mortgage is insured by the Federal Housing Administration. This insurance feature guarantees that you will never owe more than the value of your home when the loan becomes due. No debt will be left to your heirs. And if the loan balance is less than the market value of the home, the additional equity is retained by the homeowner/heirs (if the home is sold).

5 "Reverse mortgages are too complicated."

Not so. With most financial products, there are a number of factors to consider before you can choose what's best for you. With Loangevity Mortgage, you can rely on your expert Paul Scheper to be a trusted resource for clear information and responsible guidance. In addition, before you apply for a government-insured Home Equity Conversion Mortgage, you are required to receive reverse mortgage counseling from a third-party counselor who's approved by the U.S. Department of Housing and Urban Development (HUD). These independent counselors are not affiliated with Loangevity Mortgage, and their job is to ensure you fully understand every aspect of your reverse mortgage.

*The borrower must meet all loan obligations, including living in the property as the principal residence and paying property charges, including property taxes, fees, hazard insurance. The borrower must maintain the home. If the homeowner does not meet these loan obligations, then the loan will need to be repaid.

To get all the facts about reverse mortgages, please contact me:

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