REVERSE MORTGAGE GUIDE

Reverse Mortgage Guide for Homeowners

How a reverse mortgage works on the home you already own, what federal HECM rules require, how proprietary reverse mortgages differ, what happens to your spouse and heirs, and what to ask.

Reviewed November 18, 2026 against the sources listed at the end of this guide.

Who might consider a reverse mortgage

A reverse mortgage lets an older homeowner turn part of their home equity into cash without making a monthly mortgage payment. It may fit if you:

- Are 62 or older (some proprietary programs start younger)
- Own your home outright or have a lot of equity
- Plan to stay in the home for years
- Want to pay off an existing mortgage, add to retirement income or keep a line of credit for later

You keep the title to your home. You must continue to live there, pay property taxes, homeowners insurance and any HOA dues, and keep the home in good repair. Falling behind on these can cause the loan to become due.

Two kinds of reverse mortgage

	HECM (Home Equity Conversion Mortgage)	Proprietary reverse mortgage
Who sets the rules	Federal rules: FHA insures the loan	Each private lender
Minimum age	62	Set by the lender; some start at 55, varying by state
Maximum	2026 HUD limit of $1,249,125 used to calculate your benefit	Set by the lender; can be much higher
Mortgage insurance	Yes: 2% upfront and 0.5% a year	Generally none, because it isn't FHA-insured
Counseling	Required, from a HUD-approved counselor	Varies; often required
Best fit	Most homes within the HUD limit	Higher-value homes, or some condos and situations HECM doesn't cover

Federal HECM rules are the same with every lender. Proprietary terms are set by the lender and can change at any time.

How a HECM works

Eligibility (HUD's requirements)

- You are 62 or older and live in the home as your principal residence
- You own the home outright or have enough equity to pay off your existing mortgage with the HECM

- You are not delinquent on any federal debt
- You have the financial resources to keep paying property taxes, insurance and HOA dues
- You complete counseling with a HUD-approved HECM counselor. In California, a lender can't accept a final and complete application or charge any fees until seven days after your counseling session.

The lender also reviews your income, credit and expenses to confirm you can keep up with property charges. If not, it may set aside part of the loan to pay them.

How you can receive the money

Payment plan	What you get	Available with
Tenure	Equal monthly payments for as long as you live in the home	Adjustable rate
Term	Equal monthly payments for a set number of months	Adjustable rate
Line of credit	Draw when and how much you choose; the unused amount can grow over time	Adjustable rate
Modified tenure or term	A line of credit combined with monthly payments	Adjustable rate
Single lump sum	One payment at closing	Fixed rate

How much you can receive depends on the age of the youngest borrower or eligible non-borrowing spouse, current interest rates and the home's value up to the HUD limit.

Costs

- **Mortgage insurance premium:** 2% of the home value (up to the HUD limit) at closing, plus 0.5% of the balance each year
- **Origination fee:** capped by HUD, with a maximum of $6,000
- **Third-party closing costs:** appraisal, title, escrow and recording
- **Servicing fee:** HUD caps it at $30 a month (fixed rate or annually adjusting) or $35 (monthly adjusting), if charged

Most costs can be paid from the loan. Interest and mortgage insurance are added to the balance over time, so the balance grows.

> **Hypothetical example.** Ellen, 72, owns a home in Pasadena worth $1,100,000 and owes $220,000 on her mortgage, with a monthly payment of $1,850. A HECM pays off her mortgage at closing. She no longer has a required monthly mortgage payment, and any remaining benefit is available as a line of credit. She still pays her property taxes and insurance, and her loan balance grows over time. The amount actually available to her would depend on her age, rates and HUD's factors; these figures are illustrations only.

Spouses, heirs and when the loan is due

A HECM generally becomes due when the last borrower dies, sells the home or no longer lives there as a principal residence, including living in a health care facility for more than 12 consecutive months. It can also become due if property taxes, insurance or HOA dues aren't paid or the home isn't maintained.

- **Non-borrowing spouse.** A spouse who isn't on the loan may be able to stay in the home after the borrower dies if they meet HUD's requirements for an eligible non-borrowing spouse. Make sure both spouses understand this before closing.

- **Heirs.** After the last borrower dies, heirs can repay the loan and keep the home, sell it, or turn it over to the lender. They generally have 30 days to respond, and may get up to six months or more to sell or refinance.
- **Non-recourse.** If the loan balance is more than the home is worth, heirs who want to keep the home can pay off the loan for 95% of the appraised value. Neither you nor your heirs owe more than the home is worth when it is sold.

Proprietary reverse mortgages

Several lenders offer their own reverse mortgages for higher-value homes. Two examples, from each lender's current official materials as of the review date:

- **Finance of America's HomeSafe** is described by the company as a proprietary jumbo reverse mortgage that is not part of the federal HECM program and has no FHA mortgage insurance. Its materials list loan amounts up to $4 million and a minimum age of 55 for certain products, with higher minimum ages in some states. The company also announced second-lien versions (HomeSafe Second and a line-of-credit version) for California homeowners 55 and older. Product names and availability vary by state.
- **Mutual of Omaha Mortgage's SecureEquity** is described in its product matrix as a proprietary reverse mortgage that is not FHA-insured, with a minimum age of 55 in California (higher in some states), a maximum principal limit of $4 million, primary residences only and required counseling. It offers fixed-rate lump-sum and line-of-credit options.

These are named for illustration. Terms change often, each lender sets its own rules, and naming a product isn't a statement that it is available to you or that we have a relationship with the lender. We will confirm current terms before you decide.

What to gather

- [ ] Photo ID and Social Security number for each borrower and your spouse
- [ ] Your HECM counseling certificate (we can share how to find a counselor)
- [ ] Current mortgage statement, if any
- [ ] Property tax bill, homeowners insurance and HOA statement
- [ ] Income documents: Social Security, pension, retirement distributions or other income
- [ ] Trust documents, if your home is held in a trust
- [ ] Power of attorney documents, if someone helps you manage finances

Questions to ask

- How much can I receive with a HECM compared with a proprietary loan, and what will each cost?
- Which payment option fits my plans: a line of credit, monthly payments or a lump sum?
- What happens to my spouse if I die first, and are they protected?
- Will any of my loan be set aside for taxes and insurance?
- How will my balance grow over the next 10 and 20 years?
- How should I talk with my family about this decision?

Counseling. HUD requires counseling for a HECM. In California, a lender can't accept a final and complete application or charge any fees until seven days after your counseling session. You can talk with us before then. HUD's housing counselor line is (800) 569-4287. Bringing a family member or trusted adviser to counseling is encouraged.

Your next step

Tell us what you are trying to do and we will tell you, plainly, which options fit and what to gather. There is no cost to talk it through.

Start a free loan evaluation: journeymac.com/evaluation

Call: (626) 716-0585 **Email:** info@journeymac.com

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This guide is general education, not a loan offer, a rate quote or legal, tax or financial advice. Program rules change and lenders add their own requirements; confirm details for your situation before you act. Examples marked “hypothetical” are illustrations only.

Sources

Reviewed November 18, 2026. Program rules change; check the current version of each source.

1. California Civil Code § 1923.2 (reverse mortgage counseling and seven-day waiting period)
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3. HUD: Single family lender resources (2026 HECM maximum claim amount, Mortgagee Letter 2025-22)
   hud.gov/hud-partners/single-family-lender
4. CFPB: What is a reverse mortgage?
   www.consumerfinance.gov/ask-cfpb/what-is-a-reverse-mortgage-loan-en-242/
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