



# SeniorLAW Center

Protecting the Rights of Older Pennsylvanians

## REVERSE MORTGAGE FACT SHEET

**\*What is a reverse mortgage?**

A LOAN made to a homeowner, age 62 or older, which is not repaid until the homeowner dies OR moves from their home OR fails to pay property taxes or property insurance premiums.

**\* How does it work?**

The homeowner changes their home equity into cash.

**\* What is equity?**

It's what your home is worth minus any money you owe on any mortgages or liens.

**\* How much money can I get?**

It depends on the amount of equity in the home, your age, the age of your spouse, the interest rate on the LOAN and your credit history.

**\* How is the money paid out?**

In a single payment, in monthly installments or as a line of credit.

**\* Will the cash I receive be counted as income and make me ineligible for public benefits?**

The cash you receive may be counted as income. If you receive SSI or Medicaid, you should consult an attorney before applying for a reverse mortgage.

**\* What are the homeowner's obligations after getting a reverse mortgage?**

The homeowner must live in the property, pay real estate taxes and insurance premiums and keep the house in good repair.

**\* How much does a reverse mortgage cost?**

A reverse mortgage is an expensive, complicated LOAN with closing fees starting at \$2500 and these fees must be paid before the homeowner receives any cash.

**If you have questions, call SeniorLAW Helpline at 215-988-1242  
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