How is eligibility for a reverse mortgage determined?

Eligibility for a reverse mortgage is dependent upon:

(1) The titleholder for the property must be at least 62 years old, and if title is held jointly, the youngest of the two titleholders must be at least 62.

(2) The property must be a single family home, an FHA approved condo, or a multiple family dwelling consisting of at least two, but no more than four, units.

(3) The home must be occupied by and be the primary residence of the borrower(s).

(4) There must be enough equity in the home to cover the payoff of all existing mortgages, liens, or legal obligations tied to the home.

The above listed requirements for eligibility are based on those that have been set by HUD for their Home Equity Conversion Mortgage Program (HECM) which covers over 90 percent of all reverse mortgages presently being written.

**Planning Point: However, it is important to recognize that there is a private market that many borrowers turn to for reverse mortgages. Those who choose this private marketplace may find that these individual or corporate lenders have their own criteria that differ from HECM’s.**