A Hud Reverse Mortgage For Retirement?

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HUD reverse mortgages can be a great tool for Seniors that are looking for additional funds for retirement. Through a HUD reverse mortgage, seniors can tap into the equity from their homes without having to make repayments.

HUD Reverse Mortgage Eligibility Homeowners must meet the following criteria in order to be eligible for a HUD reverse mortgage:

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Homeowner must be age 62 or older.

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The home must be owned free and clear or have a mortgage balance that can be paid from equity.

- The home must be a principal residence.

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The property must be a single-family home, a one-to-four unit dwelling with one unit occupied by the applicant, a manufactured home (mobile home), or a unit in condominiums or Planned Unit Developments.

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The property must meet minimum property standards.

Homeowners that qualify can receive payments in a lump sum, on a monthly basis, or on an occasional basis as a line of credit. At a later date the payment options can be restructured if circumstances change.

Guidelines on HUD Reverse Mortgage Amounts

The amount that can be borrowed on a HUD reverse mortgages is determined by the following criteria:

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The borrower's age - The older the borrower the more that can be borrowed against the value of the home.

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The loan interest rate - Obviously the lower the interest rate the more that can be borrowed.

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The home's value - There is no hard limit for home value to qualify for a HUD reverse mortgage, but the amount that may be borrowed is capped by the maximum FHA mortgage limits for an area. This means that owners of a high priced home can't borrow any more than the owners of homes valued at the FHA limit.

There are no asset or income limitations on borrowers receiving a HUD reverse mortgage. Unlike ordinary home loans, a HUD reverse mortgage does not require repayment as long as the home remains the borrowers primary residence. When the home is sold the Mortgage company recovers their principal, plus interest, and the remaining value of the home goes to the homeowner or to his or her survivors. Should the sales proceeds not cover the amount owed, HUD will pay the mortgage company for any shortfall.

The Federal Housing Administration, which is part of HUD, collects an insurance premium from all borrowers to provide this coverage. Typically the mortgage company pays for this insurance and charges it to the borrower's principal balance. This FHA reverse mortgage insurance can make HUD's reverse mortgage program less expensive to borrowers than private programs without FHA insurance.

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Charles Kirkendall writes about reverse mortgages and other Senior financial issues. Visit www.reverse.settle-today.com for more information and resources on reverse mortgages.