

A Reverse Mortgage in 9 Steps

Question: So, how long does it take to get a reverse mortgage?

Answer: This is one question we're asked quite frequently, and it's not an easy one to answer. There are so many variables and required waiting periods. We have found that when clients understand the process and follow our step-by-step process, it usually takes between 30-45 days, which is not much longer than a standard "forward" mortgage.

Step 1: Research

First and foremost, gather information and talk with an experienced reverse mortgage consultant to determine if a reverse mortgage is right for you. Include friends and family members in your discussions and research. We strongly encourage our clients to invite everyone involved to our meetings and phone conversations. The more everyone understands, the better.

Step 2: Counseling

HUD requires third-party counseling from a HUD-approved agency. The counselor will ensure that you understand all the pros and cons, as well as the different reverse-mortgage options. Counseling can be scheduled by calling the National HECM Counseling Network at (800) 569-4287. In California, there is a required "cooling off period" of seven days after the completion of counseling before we can begin the loan process. (This is the most significant difference between a standard forward mortgage and a reverse mortgage, and it does add a week to the timeline.)

Step 3: Application

Once counseling is completed, and the seven-day waiting period is over, we can officially start the loan process. To make it as easy as possible, we interview our clients and complete the loan application for you so that all you need to do is verify the information and sign and date. Then, we help you understand and determine which payment option is best for your situation:

- Lump Sum – you receive half of the entitled payout immediately at closing, and the remainder after 12 months.
- Monthly Payments – your choice of loan advances or payments to you for a specific period, or for as long as you live in your home.
- Line of Credit – you choose unscheduled payments or installments, at times and in amounts of your choosing until the line of credit is exhausted, OR
- Any combination of the above three options.

Step 4: Processing

We help you collect all of the documents required for underwriting. These may include mortgage statements, homeowner's insurance information, federal tax returns, etc. We will also order your appraisal, title report, lien payoffs and credit report.

Step 5: Appraisal

A HUD-approved appraiser will visit your home and complete a physical inspection. They will determine the value of your home and note any structural defects or repairs that may be required following the closing of the loan.

Step 6: Underwriting

Upon receipt of all the necessary information and documentation, the underwriter will review and validate your documents, verify that you qualify based upon standard FHA guidelines, and certify that your loan is approved.

Step 7: Closing

After we are notified of your loan approval, we will coordinate with you and schedule a Notary Public to meet with you to sign the final loan documents. This is the first time you sign any binding documents. Everything prior to this is preliminary and may be changed or cancelled.

Step 8: Disbursement

After signing, you have three business days to "rescind" or back out if you decide to cancel the loan for any reason. On the fourth day after signing, your loan "funds" – meaning any existing mortgages are paid off and any funds you elected to receive are paid to you!

Step 9: Repayment

There are no monthly payments to be made during the life of your loan. The reverse mortgage becomes due and payable in full once: 1) the home is no longer being used as a primary residence, 2) it is sold, or 3) the borrower passes away. Upon the death of the borrower, the loan may be repaid from the sale of the home or by refinancing the existing reverse mortgage.

During the life of your loan, the home remains in your name and remaining equity belongs to the heirs/estate.

It's safe. It's easy. And it could be the perfect solution. Call one of our Reverse Mortgage Experts to learn more.

805-738-8326

