NAVIGATING REVERSE MORTGAGES WITH EASE

Your Comprehensive Reverse Mortgage Handbook

TEAM SLEDER
POWERED BY RWM HOME LOANS

Hello! I'm Shanne Sleder with Team Sleder. Although I've been helping homeowners over 62 with reverse mortgages for almost two decades, it's not lost on me how confusing all the information surrounding reverse mortgages can be. Including all the myths that have circulated for years. If you have started to look into reverse mortgages and feel overwhelmed with some of the terms and process, don't feel defeated yet! I'm making this booklet to answer your most frequently asked questions, to provide you with some clarity on reverse mortgages and the process to obtain one, and to help make your experience as smooth and stress-free as possible.

As one of 200 Certified Reverse Mortgage Professionals (CRMP) in the nation, I understand that choosing to get a reverse mortgage and who to work with during the process, is not a decision taken lightly. If you are still deciding or if you have already decided to work with me, I want you to know that I am committed to providing you a 5-star client experience filled with advice and reverse mortgage strategies that are not ways common in this industry. If you are local, I am able to meet with you in person at my office or your home. Otherwise, we can meet by phone or Zoom. And I always offer annual reviews with my clients even after your loan closes.

CRMP®
Certified Reverse Mortgage Professional

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Reverse Mortgages Explained

A reverse mortgage is a special loan program created specifically for senior homeowners that allows them to tap into a portion of their home equity, continue to reside in their home, and defer any payments on the loan balance until the home is eventually sold.

There are several different types of reverse mortgages available, but the most common one is the FHA insured home equity conversion mortgage or HECM. I will highlight the proprietary reverse mortgages later as well.

The government agencies who support this program are the U.S. Department of Housing and Urban Development (HUD) and the Federal Housing Administration (FHA).

The best definition of a HECM is a federally insured loan product that allows homeowners aged 62 or older to access a portion of their home equity in cash, monthly payments, or a growing line of credit.
With a HECM the borrower retains ownership of the home but must occupy it, maintain it, and pay all property charges.

Why is it called a reverse mortgage? Because unlike most loans where the loan balance decreases over time, this loan acts in reverse, where the client can borrow funds and the loan balance grows over time.

Common Misconceptions

Here's the truth to bust those worries:

BANK OR LENDER OWNING YOUR HOME? This does not happen! This is still one of the most common misconceptions, but you stay in charge of the title and can sell whenever you want. The key thing is to keep living in your home as your primary residence and pay your property charges on time.

JUST A LAST RESORT OPTION? Not in today's world! Reverse mortgages are becoming a more popular tool for retirees. Some folks use them to ditch those monthly mortgage payments they've been making for years. Others see it as a smart financial planning move, unlocking some of the value built up in their home to create a more comfortable retirement. There are even advanced strategies that can be used with your financial planner to extend the life of the assets you already have saved.

CAN I OWE MORE THAN THE VALUE OF MY HOUSE? Reverse mortgages are non-recourse loans, guaranteeing this will not happen. FHA assures homeowners that you can never owe more than your home is worth at time of sale.

IS THIS A SCAM? Not a chance! This is a government-backed program overseen by FHA, HUD, GNMA, CFPB, FTC, and other groups to protect seniors. The best evidence for its value is the fact that nearly 90% of people who use a HECM reverse mortgage say they're happy with their decision.

How To Use Reverse Mortgages

Reverse mortgages aren't just for emergencies or the desperate homeowner! Here's why people use them to improve their retirement:

NEED CASH NOW? Maybe unexpected bills are piling up, your roof needs repairs, or you need to pay for in-home care. A HECM can help with these immediate needs without forcing you to tap into your retirement savings, rely on family, or have to sell your home.

MORE FINANCIAL FREEDOM? A reverse mortgage doesn't require monthly principle and interest payments so it let's you free up cash flow for everyday expenses or even some fun. You may be able to establish a growing line of credit you can tap into for things like travel, a new car, or even home improvements. Imagine how this could help someone's quality of life who lives on a fixed income!

PLANNING FOR A SECURE FUTURE? Many retirees have a lot of their wealth tied up in their home or other real estate. A HECM allows you to access some of that equity as monthly payments or a credit line, which can help your traditional retirement savings last longer. The growing line of credit is one of the most advantageous financial planning tools and can also act as a financial safety net during your golden years.

These are 3 of the most common reasons homeowners will utilize a reverse mortgage, but there are many more as well.

Advantages Of A Reverse

HEALTHCARE: Cover medical bills, prescription drugs, or even long-term care insurance.

HOME IMPROVEMENT: Make your home more comfortable or safer with renovations or accessibility upgrades.

FINANCIAL SECURITY: Pay off existing debts or build a nest egg for unexpected expenses.

LIFESTYLE ENHANCEMENTS: Travel to see family, buy a new car, or finally take that dream vacation.

SUPPORTING FAMILY: Help your children and grandchildren with college tuition, a down payment on a house, or starting a business.

The choice is yours! A reverse mortgage can give you the financial flexibility to enjoy your retirement on your terms.

- **No monthly mortgage payments required and funds are income tax free!** Spend it on anything - travel, healthcare, and more!
- **Social Security & Medicare safe.** You own the home, title stays in your name.
- **Optional growing credit line (tax-free!).** Enjoy peace of mind with a financial safety net.

Key Eligibility Requirements

Reverse mortgages can be a helpful financial tool for retirees to unlock cash from your home in retirement, but there are key eligibility requirements to consider:

AGE: The youngest borrower will need to be at least 62 years old to qualify for a standard HECM reverse mortgage. Non-borrowing spouses may be younger than 62 and there are proprietary reverse mortgages that go down to 55 years old in certain states. Generally, the older you are , the more funds you will have access to.

HOMEOWNERSHIP: The home you want to use for the reverse mortgage needs to be your primary residence, not a vacation getaway or rental property. If you are buying a home with a reverse mortgage, you must occupy it within 60 days. The lender will verify occupancy prior to closing and once a year with an annual occupancy certification. You'll also need to have some equity built up in the house.

PROPERTY TYPE: Most houses qualify (single-family, townhomes, PUDs, 2-4 units if owner occupied). Condos & manufactured homes may require FHA approval.

Considering a High-Value Home?
If your home is valued at over $1.5 million, you might explore Jumbo Reverse Mortgages. These offer some flexibility, including a potentially lower minimum age requirement (like 55+) for qualified borrowers and access to more funds at higher values.

What Is A Non-Recourse Loan?

The non-recourse feature of a reverse mortgage is one of its most powerful aspects. This feature states that you, the homeowner, is not held responsible if the loan balance grows beyond your home's value at the time of payoff. This can give you Peace of Mind that you will not be leaving your heirs with a large debt.

THE ACTUAL DEFINITION: FHA guarantees that neither the borrower nor their heirs will owe more than the home is worth at the time it is sold.

Your heirs can sell or refinance the home if they wish. And in cases where their is not enough value to cover the loan balance, FHA assumes the risk and there's no recourse for any deficiency.

THE HOME COVERS THE DEBT: Not you, the homeowner, and not your heirs. This should be reassuring to every HECM borrower and their family. You can be assured that if you live a very long time, property values drop, or interest rates rise, FHA will pay a claim so that nobody is harmed by the loan being upside down or underwater.

REDUCED PAYOFF: When the last borrower dies, their heirs may qualify for a reduced payoff (95% of value) for homes with no equity.

When Must The Loan Be Repaid?

Reverse mortgages aren't required to be repaid just because you get older or even if one borrower passes away, as long as one borrower still resides in the property. Here's what can trigger the loan to have be repaid or "mature":

NONE OF THE ORIGINAL BORROWERS LIVE THERE ANYMORE: This is KEY. The house needs to be the primary residence of at least one borrower. The 2nd borrower can move out or to assisted living and the loan will not be triggered due.

LONG-TERM ILLNESS FORCES A MOVE: If the last borrower using the house for their primary residence has to move out for more than 12 consecutive months due to illness, the loan could be called due.

PROPERTY OBLIGATIONS ARE NOT FULLFILLED: Not paying property taxes, homeowner's insurance, or letting the house fall into disrepair can also trigger repayment.

When any of these things happen, you or your heirs will need to contact the lender and decide what to do next regarding the home. HUD has allowed non-borrowing spouses to defer the due and payable status under certain conditions.

The main takeaway is that reaching a certain age isn't what makes the loan due – it's all about how the house is being used and cared for.

Ongoing Obligations

Once you have a reverse mortgage, you are not obligated to make monthly principle and interest payments. Making payments is allowed though and with some advanced strategies may make sense. There are obligations outlined below that if not followed though, could cause a homeowner to default on the mortgage, leading to foreclosure.

OCCUPY THE HOME: The reverse mortgage guidelines require that at least one HECM borrower live in the subject property as their primary residence. If you are buying your primary residence using a HECM for purchase, you must move into the home within 60 days.

KEEP UP WITH THE PROPERY CHARGES: It is extremely important that all homeowners pay their property charges. Falling behind on these could affect your ability to stay in the home whether you have a reverse mortgage or not. Examples of these charges include: Property taxes, homeowner's insurance, flood insurance, and homeowner association dues. The only time you may not be responsible for paying these is if the lender creates a set aside from your reverse mortgage to pay these charges on your behalf.

KEEP YOUR HOME IN GOOD SHAPE: Just like any homeowner, you're responsible for keeping your house in good repair. The FHA insures these loans, so they have a vested interest in the condition and value of your property. Failure to maintain it could be considered a violation of the guidelines.

How Is The Principal Limit Calculated?

There are 3 pieces of information that are needed to determine how much money is available to you through a reverse mortgage or what is called the Principle Limit: The borrower's age, current interest rates, and the home value. Assuming the same data is used, principal limits should be consistent from lender to lender.

AGE: This might seem counterintuitive, but older borrowers generally qualify for more funds. Younger borrowers or eligible non-borrowing spouses will qualify for a lower initial amount. That's because they're expected to live longer, giving the loan more time to accrue interest and grow.

INTEREST RATES: Long-term interest rates are part of the calculation. These are called "expected rates." When rates are thought to be high in the future, HUD reduces the principal limits because the interest compounding will be faster through the life of the loan.

The age and rates help us to determine the loan's "principal limit factor" (PLF).

HOME VALUE: The lower of the home's value or the HECM loan limit at the time of application, will be used to determine how much money is available or the principle limit. The HECM loan limit is also called the "maximum claim amount" (MCA).

What Are The Costs?

One of the most common questions about reverse mortgages concern the costs. By law, lenders have to give you a detailed breakdown of the cost at application and also provide a Good Faith Estimate. Here's a quick rundown of the categories of costs:

UPFRONT COSTS: These are things you pay before you get to loan closing, like an appraisal to determine your home's value and counseling to make sure you understand the program. You'll usually pay these directly to the appraisal management company and counseling agency.

CLOSING COSTS: These are fees rolled into your loan at closing. They might include an origination fee, initial mortgage insurance premium, along with typical third party closing costs like title insurance, escrow, and recording fees.

ONGOING COSTS: This will depend on many factors, like how the program is set up, when the funds are used, how much is drawn, and when the loan is paid off. The more you borrow, the more interest you'll accrue over time.

The key takeaway? You'll get a clear picture of the costs upfront, and they'll vary depending on how much you borrow.

Why Do I Need Mortgage Insurance?

The mortgage insurance on reverse mortgages is unique. With traditional mortgages, mortgage insurance is required on low down payment products to protect the lender in case of default. With reverse mortgages, there is also a benefit to lenders, but most homeowners and heirs are unaware that this insurance is also for their benefit.

Here are a few of the benefits that the mortgage insurance provides:

NON-RECOURSE: The mortgage insurance is what pays for the non-recourse feature, so you can never owe more than the home is worth.

STAY IN YOUR HOME: It is what allows the homeowner to live in the home as long as they want regardless of the loan balance as long as they follow the terms of the loan.

LINE OF CREDIT: It is what guarantees the growth rate feature on the line of credit disbursement option, allowing borrowers to have more money to draw in the future. It also guarantees that the line of credit can never be frozen or have a balloon payment.

The mortgage insurance premiums are usually rolled into the loan balance. There are two types of premiums charged:

UP-FRONT MIP: This is charged at the beginning of the loan and is calculated at 2% of the maximum claim amount.

ANNUAL MIP: This is calculated annually at .05% of the loan balance and added to the loan.

What Is A Financial Assessment?

Reverse mortgages are all about helping you stay in your home comfortably, not putting you in a financial bind. That's why lenders take a close look at your finances through a "Financial Assessment." It might seem odd since there are no monthly mortgage payments, but here's why it matters:

STAYING AFLOAT: They want to make sure you can afford your property taxes, homeowner's insurance, and other ongoing bills. The assessment helps ensure a reverse mortgage is a sustainable solution for you in the long run.

PLANNING FOR THE FUTURE: The assessment doesn't necessarily mean a yes or no answer. Sometimes, a portion of the money you can access through the loan might be set aside to automatically pay these property charges.

PEACE OF MIND: This is called a "life expectancy set-aside" (LESA), and while it might sound like you get less money upfront, it actually provides peace of mind. Knowing your bills are covered helps ensure you stay in your home and avoid any risk of foreclosure.

So, the financial assessment is all about making sure a reverse mortgage is a good fit for your situation and helps you enjoy your retirement comfortably.

Reverse Mortgage Product Options

The HECM reverse mortgage has 2 options concerning rates: fixed-rate or adjustable-rate. With the fixed-rate option, you will know how much interest accrues during the lifetime of the loan, but the flexible payout options come with the adjustable-rate option.

FIXED-RATE HECMS: The fixed rate is attractive to some borrowers, but the are closed-end loans, which means that you receive all your funds at closing and can not draw more in the future.

They also have disbursement limits that cap how much you can receive. This is 60% of the principle limit or all of their mortgage payoffs and closing costs added together plus an additional 10% of the principle limit.

ADJUSTABLE-RATE HECMS: This option offers more flexibility in regards to payout options because it is an open-ended loan. The interest rate can go up or down over time, based on the market and are usually tied to a 1-year index. You can access your money in different ways – like a lump sum, monthly payments, or a line of credit.

In the first year, there is a limit on how much can be accessed. It is the greater of 60% of the principle limit, or the sum of their mortgage payoffs and closing costs added together plus an additional 10% of the principle limit. The remaining funds available, plus any growth, can be accessed after the first year.

What Are The Payout Options?

Fixed-rate reverse mortgages are pretty straightforward. You get a lump sum single disbursement at closing and that's all. The adjustable-rate option, however, offers more ways to access your cash outlined below:

INITIAL DRAW: This is the cash you choose to take at closing after your 3 day rescission period.

LINE OF CREDIT (LOC): This is the most popular option. You can access the funds in the LOC whenever you need cash, pay some back, and then borrow again later. It also has a growth rate that makes more money available.

MONTHLY PAYMENTS (TENURE OR TERM): Want a steady stream of income? You can convert your principal limit into monthly payments. "Tenure" means these payments last as long as you live in the house and follow program guidelines, while "Term" gives you a set number of months with potentially higher or lower payments depending on the chosen term length.

MODIFIED OPTION: Crave both a regular income and a safety net? This combines monthly payments with a credit line, giving you access to cash flow and an emergency fund.

So, whether you need a one-time cash boost or prefer a more flexible approach, adjustable-rate reverse mortgages offer a variety of ways to unlock the equity in your home and enjoy your retirement.

HECM Line of Credit VS Home Equity Line of Credit

HECM Line of Credit

ARE MONTHLY PAYMENTS REQUIRED?

NO No monthly payments are required for the life of the loan.

DO I HAVE TO PAY UPFRONT COSTS?

VARIABLE Closing costs include a premium for FHA insurance based on the amount of the initial disbursement. Total costs vary depending on individual program features.

IS CREDIT LINE GROWTH GUARANTEED?

YES Undrawn credit line balance grows at same rate charged on balance owed. Growth may potentially exceed future property value, providing a hedge against property value declines and interest rate increases.

IS THERE A MANDATORY PAYOFF DATE?

NO Repayment is not required as long as any borrower continues to reside in the property, and the loan remains in good standing.

CAN MY LENDER FREEZE/LIMIT ACCESS TO FUNDS?

NO Funds can be accessed any time during the life of the loan, and lenders cannot freeze access to funds as long as the loan remains in good standing.

CAN I (OR MY HEIRS) EVER BE HELD LIABLE?

NO The balance owed can never exceed property value at the time of repayment.

HECM Line of Credit VS Home Equity Line of Credit

HELOC Line of Credit

ARE MONTHLY PAYMENTS REQUIRED?

YES, (usually interest only) for an initial draw-down period, then payments increase to amortize the loan balance.

DO I HAVE TO PAY UPFRONT COSTS?

VARIABLE Not FHA insured, so no premium required. Upfront costs vary by lender, but generally feature low or no cost depending on lender promotions and borrower circumstances.

IS CREDIT LINE GROWTH GUARANTEED?

NO The credit line amount does not grow, and access to funds stops at the end of the initial withdrawal term.

IS THERE A MANDATORY PAYOFF DATE?

YES Maturity date is usually 30 years or less. Only the first 7-10 years provide access to funds. In the remaining years, payments are reset and increased to pay the balance off.

CAN MY LENDER FREEZE/LIMIT ACCESS TO FUNDS?

YES Access to funds is limited to the initial draw-down period, (normally the first 7-10 years.) Most HELOCs also enable lenders to freeze access without notice.

CAN I (OR MY HEIRS) EVER BE HELD LIABLE?

YES Borrower(s) are personally liable for any deficiency plus legal and collection costs.

HECM Counseling

Reverse mortgages offer benefits, but understanding them first is key. To make sure a reverse mortgage is a good fit, HUD requires an independent third party counseling session. These sessions are done over the phone.

WHO SHOULD ATTEND: You, your spouse (even if not borrowing), and anyone managing your finances (guardian, Power of Attorney). Heirs are welcome, but not required.

FINDING A COUNSELOR: Your loan officer can't pick one for you, but they should provide a list of HUD approved counselors to choose from: You can also call (800) 569-4287 for more help.

PRE-COUNSELING PACKET: The loan officer should also provide you with the following prior to counseling:

- A document called *Preparing for Your Counseling Session*
- Comparison of product options
- Total Annual Loan Cost rate disclosure
- Amortization schedule

Remember: This is just a starting point! A reverse mortgage can be a complex financial decision. Consult with a financial advisor to see if it aligns with your overall retirement goals and risk tolerance.

What If A Spouse Is NOT 62 Or Older?

If you're considering a reverse mortgage, but your spouse is younger than 62, HUD has created an option to still allow you to access the benefits. The spouse that is under age 62 would be called a non-borrowing spouse or NBS.

If the borrowing spouse leaves the home for mental or physical illness or passes away (after Aug 4, 2014*), the NBS can qualify for a deferral period where the loan balance can not be called due and the NBS can stay in the house.

Due to this protection, the principle limits are lower for borrowers with younger eligible non-borrowing spouses. In addition, once the borrower passes away, all tenure or term payments end and any funds in a line of credit are no longer available.

To qualify for this deferral, the NBS needs to:

- Occupy the home
- Their age affects the amount available
- They must continue to maintain the property and pay any property related charges

*For HECMs originated prior to August 4, 2014, the lender may assign the loan to HUD, allowing a similar deferral period.

When Is A Reverse NOT A Good Option?

Reverse mortgages can be a great financial tool for retirees, but they're not a one-size-fits-all solution and may not work for some situations. it is best to find these out upfront before spending time and money on the mandatory counseling. Here's why you might want to consider other options:

THE HOME DOES NOT FIT YOUR LONG-TERM NEEDS. Reverse mortgages are ideal for folks who want to age in place and stay in their homes for the long haul. If you're thinking about downsizing, moving to a different state, or if the home will not meet your long term needs in the next couple years, a reverse mortgage might not be the best fit.

MINIMAL BENEFITS. In order for a reverse mortgage to make sense, it needs to provide a sustainable solution throughout retirement. It's important to consider the current and the long-term impact. If the benefits are minimal, you might be better off exploring other options. I am happy to discuss these with you.

UNCLEAR ON THE DETAILS? Reverse mortgages come with specific requirements and responsibilities. Understanding the costs involved, like paying property charges and maintenance, is crucial. You'll also need to be comfortable managing your finances and keeping your home in good repair. Mandatory counseling is required to ensure you understand the product and all the available options before starting going to far.

Proprietary Reverse Mortgage

The HECM reverse mortgage has been the prominent reverse product for decades, but innovative lenders are creating new options that can help get around some of the more restrictive HECM guidelines!

The newer proprietary reverse mortgages still contain many of the consumer protections of the HECM program. One of the big differences can come as far as closing costs. The proprietary products do not charge an initial MIP or annual MIP, which can drastically lower the upfront cost. As a trade off, the rates charged may be higher.

Sometimes these products may also be called jumbo reverse mortgages, because they do not have a maximum claim amount like HECMs, so homeowners with higher-priced homes, may be able to access significantly more equity through these programs.

These new products can also solve other problems that HECMs currently don't:

- Options for homeowners younger than age 62
- Financing condo units that are not in FHA approved projects.
- Financing without initial disbursement limit restrictions
- Being able to pay off unsecured debt at closing
- Having more flexible lien seasoning requirements

These products are not available in every state. If you think this product may be the right fit for you, contact us to find out if it is available in your state.

Purchase With A Reverse

Many eligible homeowners are unaware that you can use a HECM for Purchase to purchase a new home. The amount of money available will be calculated based on the homes new purchase price or value, the borrowers age, and current interest rates.

This allows those over 62 to “right size” into the home they need for retirement, but be able to do that without putting all the proceeds from their previous sale into the new purchase.

When compared with a cash purchase, the HECM for Purchase could leave you with significant funds left over, which can be used to supplement retirement savings. And by using a reverse mortgage you can still accomplish your goal of having no monthly mortgage payments required.

OCCUPANCY: This option is only available for your primary residence, and HUD requires you to occupy the home within 60 days.

HECM COUNSELING: A counseling certificate is required and this should be completed before you put offers on a property.

RETAINING THE EXISTING HOME: If you want to retain your existing home to use as a rental and create additional income, this is possible. You will need to show that they have enough income to pay the existing home's property charges as well as those of the home being purchased. And also have other funds available for the down payment.

How Does Reverse For Purchase Work?

Sell Your Home

You receive **$700,000** from the sale of your existing home

Purchase New Home

You find a new home for **$850,000**

Use **$484,500** as a down payment

Use **$365,500** from the Reverse Mortgage for Purchase program to complete the new home purchase

$484,500	Down payment
+ $365,500	From reverse mortgage to complete purchase
$850,000	New home purchase price

You will now have **$215,500** at your disposal and no monthly mortgage payments required

You will need to pay your property taxes and homeowner's insurance

What Now?

Reverse mortgages can be a great addition to any retirement plan, but it's still a big decision. Here's a simplified roadmap:

1. TALK TO A MORTGAGE ADVISOR: Find a licensed mortgage advisor who has experience with reverse mortgages to answer your questions and see if it fits your retirement plans.

2. GET THE FACTS: Review information from your advisor, including costs and how interest builds over time. Make sure to get the pre-counseling package.

3. REQUIRED COUNSELING: Attend a session with a neutral HECM counselor to understand the pros, cons, and impact on your finances. The lender can't move forward until a counseling certificate is provided.

4. APPLY FORMALLY: Complete the application and related disclosures with your chosen loan originator.

5. APPRAISAL: An appraiser will visit your home and the value will be used by the underwriter to determine home much money is available.

6. PROCESSING & UNDERWRITING: Your file will be reviewed by a processor who may request additional documentation prior to submitting your file to an underwriter. An underwriter will review the file and make sure it meets HECM guidelines.

CLOSING: Upon final approval, you will sign the loan documents with a notary. Your loan will fund after any final funding conditions and appropriate recession periods.

The Process & Timeline

1. Discovery call with me: ***20-30 mins***
2. Reverse mortgage consultation with me to review options: ***1 hour***
3. 3rd party phone counseling: ***45-60 mins***
4. Sign initial loan application with me (In person or e-sign): ***45 mins***
5. We order your home appraisal: ***1-2 days***
6. Your file is submitted to underwriting: ***2-3 days***
7. Collect and submit any conditions requested.
8. Receive final loan approval: ***2-3 days***
9. Sign final loan documents with notary: ***1 hour***
10. We fund your loan and you receive your cash (after 3-day right of recission on refinance)

Average total time frame from 1st step to last step is 45-60 days.

Testimonials

Denise L. ★★★★★

We had the pleasure of working with Shanne Sleder and his team for the recent purchase of our home in FL. Even though Shanne is based in CA he is licensed in many states and he and his team worked diligently with us, guiding us through the processes and made our closing deadline. I would highly recommend Shanne and his team if you are looking for knowledgeable people who go the extra mile to assist you!

Randie H. ★★★★★

Team Sleder at RWM really came through for me with my reverse mortgage line of credit. I had a few extra hills to climb due to special circumstances on my end. They all handled it with grace, compassion, and expertise. I am beyond grateful for having them on my team. Thank you, Team Sleder!

Eileen G. ★★★★★

I would like to recommend Shanne to anyone - he worked with us on an unusual reverse mortgage, during which we went on a 3-week vacation, and he coordinated everything perfectly. Much appreciated!

Ted V. ★★★★★

Shanne Sleder and his support crew at RWM Home Loans were exceptionally diligent, methodic and supportive throughout the very complicated process of my Reverse Mortgage Purchase Loan for our new home in La Mesa, CA. Especially so, were the empathic support and personal attention to the timely prevision required by FHA for our particular situation, by the Loan Processor Laura Martinez. Thank you all!

Grace H. ★★★★★

Shanne is very nice to work with. No pressure. Shanne helped me with my reverse mortgage and helped me understand everything. I wanted my daughters to be here so he made a extra effort to make the time work for their schedule also. He is a very honest man. I would definitely recommended him. He is very willing to help.

Joel S. ★★★★★

If you've been thinking about a reverse mortgage but don't know if it's right for you or think it's risky you need to talk with Shanne Sleder at RWM. Shane is extremely knowledgeable, friendly and takes the time to answer all your questions. He works hard to get you the best deal for your situation. We just finished our reverse mortgage with Shane, it went so smoothly, easiest transaction we have ever done. He and his team stays on top of your transaction eliminating those ugly surprises that sometimes happen with other lenders.

Key Terms

Adjustable-rate HECM: Often referred to as a HECM ARM; a loan with a variable rate that changes monthly or annually and is tied to the movements of a published index.

Federal Housing Administration (FHA): An agency within the U.S. Department of Housing and Urban Development (HUD) that issues insurance to private lenders for traditional and reverse mortgage loans.

Financial Assessment: A HECM guideline that requires an underwriter to assess credit history, property charge payment history, and monthly residual income to determine the loan's sustainability for each borrower.

Fixed-rate HECM: Often referred to as HECM fixed; a reverse mortgage with rates that do not change during the life of the loan.

HECM (Home Equity Conversion Mortgage): Commonly referred to as a reverse mortgage, this FHA-insured program is designed to enable homeowners, age 62 and over, to convert a portion of the equity in their home into cash and/or a line of credit.

HECM for Purchase (H4P): A program for homebuyers 62 and older that allows them to purchase a new home with no required monthly principal or interest mortgage payments.

HUD (U.S. Department of Housing and Urban Development): An agency that oversees the Federal Housing Administration and numerous housing and community development programs.

Initial disbursement limit: A limit to how much a HECM borrower can withdraw at closing (fixed-rate HEM), or during the first year (HECM ARM). The limit will be the greater of 60% of the principal limit or the sum of all payoffs plus 10% of the principal limit.

Initial mortgage insurance premium (IMIP): Also called up-front MIP, this is 2% of the maximum claim amount and is paid to the federal government for insuring the loan.

LESA (life expectancy set-aside): This portion of a borrower's principal limit is earmarked for the payment of property charges over a calculated time. A LESA is established when the underwriter determines that a borrower does not pass a Financial Assessment test.

LOC (line of credit): When the borrower does not access all their principal limit, the remainder may be available in a credit line. This popular payout option is available for adjustable-rate HECMs. Available LOC funds will grow and will be available for future use.

Margin (lender margin): For HECM ARMs, the margin is a percentage added to a published index. The combination of the two numbers will equal the current interest rate. The margin portion of the interest rate never changes over the life of the loan.

Maximum claim amount (MCA): This is generally the lesser of the home's value or the nationwide HECM limit. While loans can be originated on homes that exceed this threshold, the principal limit will be calculated using the MCA.

Modified tenure: A combination of tenure payments and a line of credit.

Modified term: A combination of term payments and a line of credit.

Mortgage insurance premium (MIP): Insurance premiums on a HECM loan, which are collected in two forms: initial MIP (IMIP) collected at closing and annual MIP. Most clients will finance both as part of their HECM loan balance.

Mortgagee: A term often used in HECM guidelines and federal regulations that refers to the mortgage lender.

Mortgagor: Anyone who remains on title to the home. This must include the borrower but may also include a non-borrowing spouse or other co-owner of the home, even though they may not qualify as a HECM borrower.

Non-borrowing spouse (NBS): The spouse of a HECM borrower who is not a borrower, most commonly because they are not of qualifying age

Non-recourse feature: A feature of a reverse mortgage loan stating that neither the borrower nor their heirs will owe more than the home is worth at the time it is sold.

Origination fee: A one-time fee paid to the lender at closing. For HECMs, the maximum origination fee is 2% of the initial $200,000 in home value, and 1% on the value thereafter, with a cap of $6,000. FHA allows a minimum of $2,500 regardless of value.

Primary residence (principal residence): A home typically occupied by its owner for most of the year

Principal limit: A benchmark figure representing the maximum amount of proceeds a reverse mortgage borrower can receive. The principal limit is based on the borrower's maximum claim amount, relevant age and interest rates.

Reverse mortgage: A financial tool that provides homeowners with funds from the equity in their homes. Generally, no payments are made on reverse mortgages until the borrower moves or the property is sold.

Tenure payment: A payout option on HECM ARM products that allows a borrower to receive equal monthly payments for as long as they occupy the home and abide by program guidelines

Term payment: A payout option on HECM ARMs that allows a borrower to receive equal monthly payments for a fixed number of months. Longer terms offer the borrower smaller payments, while shorter terms offer the borrower larger payments.

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