

Reverse Mortgages

Description:

Reverse Mortgages are a type of home loan, which allow older homeowners who are in need of extra income to convert some of the equity in their homes to cash. Homeowners retain the titles to their homes. The amount homeowners can borrow is based upon their age, the value of their homes and the interest rate on the loan. Interest rates may be fixed or adjustable depending upon the mortgage. Lenders may offer borrowers monthly loan payments, lump-sum payments, lines of credit or a combination of available payment options. Funds received from reverse mortgages are not taxable and are generally not considered a source of income for many benefit programs. Some lenders may limit how borrowers can use these funds while others may not impose such restrictions. Homeowners are responsible for paying property taxes on their homes, retaining homeowner's insurance and financing necessary repairs and maintenance while residing in their homes. In general, repayment of the loan is due when the homeowner permanently moves out of the home, sells the home or dies.

Borrowers incur origination fees and closing costs associated with the mortgage. Depending upon the plan, there may also be additional charges such as appraisal fees, insurance premiums and servicing charges.

There are different types of reverse mortgages offered from different sources. In Connecticut, these types may include: the Reverse Annuity Mortgage (RAM) program offered by the Connecticut Housing Finance Authority; the Home Equity Conversion Mortgage (HECM) offered by the federal government through Federal Housing Administration (FHA) approved lenders, and Proprietary Reverse Mortgages offered by banks, mortgage companies and other private lenders. Eligibility, costs, loan terms and conditions associated with each type may be different. It is important for homeowners to consider all the options carefully and to obtain advice from an attorney, financial advisor, housing counselor or other reliable professional before deciding whether a reverse mortgage is appropriate and which reverse mortgage is right for them.

Home Equity Conversion Mortgage (HECM):

Home Equity Conversion Mortgages (HECM) are the only federally-insured reverse mortgages. The FHA, which is part of the Department of Housing and Urban Development (HUD), determines the amount HECM lenders can loan to individuals. This amount is based upon the age of the individuals, the value of their homes, and the current expected rate. Fees associated with these loans are limited by the FHA, which also insures these loans against late payments or loss to the borrower or their estate. These loans generally provide the largest loan advances for borrowers whose properties are under \$600,000 and offer a variety of ways on how the money can be paid to recipients. Monies can be taken in a lump sum, line of credit or received in monthly payments. There are generally no restrictions on how money from these loans can be used; however, a reverse mortgage cannot be used to purchase an annuity.

Unlike other reverse mortgages, HECMs do allow lifetime payments or higher payments for a selected period of time. HECM loans are paid upon sale of the property. The origination fees and closing costs associated with the mortgage are paid when the loan is paid off. Applicants are required to discuss the loan with a HUD-approved HECM counselor.

Reverse Annuity Mortgage Program:

The Connecticut Housing Finance Authority (CHFA), in cooperation with the Connecticut Department of Social Services, offers reverse mortgages to Connecticut homeowners age 70 or older. At least one borrower must have expenses associated with long-term care and need funds from a reverse mortgage to pay the costs. "Long Term Care" describes a wide range of supportive services provided to individuals who have lost some or all capacity to function on their own and are expected to require such services for an extended period of time. Homes must be free of mortgages or other types of liens at the time of the loan closing. The CHFA loan can provide up to \$5,000 to clear any such liens. Borrowers can receive monthly payments for five or 10 years. Borrowers may receive lump-sum payments at the outset of the loan for \$5,000, which can be used for any purpose; or for up to 25,000 if medical or supportive services are needed. CHFA lends up to 70 percent of the home's value; however, there is a maximum loan amount that can be granted by CHFA.

Proprietary Reverse Mortgages

Proprietary Reverse Mortgages are offered by various lenders, which set the interest rates and terms of their loans. These loans typically require counseling prior to closing and may have closing costs that are paid when the loan is satisfied. Currently these loans are all adjustable, but in the future this may change. Proprietary Reverse Mortgages are typically best suited for persons who have homes with a higher value; consumers should compare all the available options to decide on the loan that is the most appropriate for their situation. There are currently no proprietary reverse mortgages available.

Eligibility Requirements, Service Areas and Program Year:

Eligibility Requirements:

- Usually must be at least 62 years of age.
- Property must be the applicants primary address.
- Any liens, other than government or not-for-profit grants, must be satisfied at the time of closing.

CHFA Reverse Annuity Mortgage Program:

- Must be at least 70 years of age.
- Must have long-term care expenses and need the income from the Reverse Mortgage to pay the costs.
- Must be a homeowner and the home must be located in Connecticut.
- Annual household income must be no more than \$81,000.

HECM:

- Homeowner(s) must be at least 62 years of age.
- Homeowner must live in the home and it must be their principal residence.
- Homes must be either single-family residences or two to four unit dwellings, condominiums or part of planned unit developments. Some manufactured housing are eligible, but cooperatives and most mobile homes are not.
- Homes that are less than one year old must have a certificate of occupancy prior to closing and meet HUD's minimum property standards, but HECM can be used to pay for repairs in order to meet these standards.
- Must receive counseling from a HUD-approved counseling agency that offers counseling services specifically for HECMs.

Service Areas:

Statewide

Program Year:

Varies depending upon the lender

Contact Information:

For the CHFA Reverse Annuity Mortgage:

Connecticut Housing Finance Authority
RAM Program
999 West Street
Rocky Hill, CT 06067
Telephone: 860-571-3502

To obtain an application:

Department of Social Services
Aging Services Division
25 Sigourney Street
Hartford, CT 06106
Telephone: 860-424-5284
Toll-free: 800-443-9946

For a listing of HUD-approved counseling agencies that offer counseling for HECM, see [Housing Counseling Agencies](#) on page XII – 26 in this manual.

Reverse Mortgage Lenders in Connecticut:

(Note: This list may not be all-inclusive)

1st Mariner Mortgage
3301 Boston Street
Baltimore, MD 21224
Telephone: 410-342-2600
Toll-free: 888-561-2265

1st Metropolitan Mortgage Corporation
48 Meriden Road
Waterbury, CT 06705
Telephone: 203-591-9236
Toll-free: 877-656-3624

Agency for Consumer Equity
Mortgages, Inc.
101 Executive Boulevard, Floor 1
Elmsford, NY 10523
Telephone: 800-881-2954

Amity Reverse Mortgage
774 New Haven Road, Suite 2
Naugatuck, CT 06770
Telephone: 203-729-6681
Toll-free: 888-942-6489

Amston/Generation Mortgage Co.
5 Gristmill Road
Moodus, CT 06469
Telephone: 800-625-8633

BCI Financial Mortgage Corp.
219 South Main Street
Cheshire, CT 06410
Telephone: 203-439-9400 Ext. 427
Toll-free: 866-224-2677

Buckingham Financial, LLC
39 Mill Plain Road
Danbury, CT 06810
Telephone: 302-744-5350
Toll-Free: 800-745-5351

Cambridge Senior Capital
Main Office:
80 Cuttermill Road, Suite 408
Great Neck, NY 11021
Telephone: 516-829-5700

CT Office:
350 Fairfield Avenue
Bridgeport, CT 06604
Telephone: 203-336-4200
Toll-free: 888-656-6784

Campbell Mortgage
535 Campbell Avenue
West Haven, CT 06516
Telephone: 860-827-1297
Toll-free: 800-290-3521 Ext. 501

Continental Funding Corp.
7 Cabot Place
Stoughton, MA 02072
Telephone: 800-974-4846 Ext. 229 or
781-344-4846 Ext. 229/Ext. 223

East Shore Mortgage
85 Wall Street
Madison, CT 06443
Telephone: 203-318-8600
Toll-free: 866-374-6738

Freedom Choice Mortgage
30 East Main Street
Avon, CT 06001
Telephone: 860-677-0127

Financial Freedom
Senior Funding Corp.
Subsidiary of IndyMac/
Federal Bank, FSB
1 Banting Road
Irvine, CA 92618
Telephone: 800-860-6983

Financial Heritage The Reverse
Mortgage Company
9275 Sky Park Court, Suite 125
San Diego, CA 92123
Telephone: 800-409-1216

Gateway Home Loans
730 Hebron Avenue
Glastonbury, CT 06033
Telephone: 860-633-4688
Toll-free: 800-743-9233

Great Harbor Financial Services
25 Water Street
P.O. Box 466
Guilford, CT 06437
Telephone: 203-453-0500
Toll-free: 800-444-1212
Fax: 203-458-6781

Homestar Mortgage
220 Smith Street
Providence, RI 02908
Telephone: 401-454-3300
Toll-free: 888-744-3300

Ladd Financial
5 Sylvan Road South
Westport, CT 06880
Telephone: 203-454-5233
Toll-free: 800-899-5233

MetLife Home Loan
1455 Broad Street, 2nd Fl
Bloomfield, NJ 07003
Telephone: 800-269-6797

Mortgage Advocates
314 East Main Street
Norton, MA 02766
Telephone: 888-543-5400

Mortgage Financial, Inc.
152 Conin Street
Beverly MA, CT 06905
Telephone: 203-316-8500
Toll-free: 866-739-9599

Norcom Mortgage
139 Simsbury Road
Avon, CT 06001
Telephone: 860-676-8003
Toll-free: 800-932-4120

Putnam Savings Bank
50 Canel Street
Putnam, CT 06260
Telephone: 860-963-4953
Toll-free: 800-377-4424

Ridgefield Bank
150 Danbury Road
P.O. Box 2050
Ridgefield, CT 06877
Telephone: 203-431-7540
Toll-free: 800-776-6518 or
877-431-7431

Senior Lending Network
3 Huntington Quadrangle
Suite 201
North Melville, NY 11747
Telephone: 800-724-1208

The Guilford Savings Bank
1 Park Street
P.O. Box 369
Guilford, CT 06437
Telephone: 203-453-2721
Toll-free: 800-730-6603

Travis Mortgage
628 Hebron Avenue
Glastonbury, CT 06033
Telephone: 860-659-5200
Toll-free: 866-879-8728

Savings Institute Bank and Trust
803 Main Street
Willimantic, CT 06226
Telephone: 860-208-7416

Wells Fargo Home Mortgage
80 Town Line Road
Rocky Hill, CT 06067
Telephone: 860-258-1500
Toll-free: 866-234-6298

Webster Bank
609 West Johnson Avenue
Cheshire, CT 06410
Telephone: 203-271-7263
Toll-free: 800-543-3375 Ext. 37263 or
Ext. 37261

Related Information:

[Housing Counseling Agencies, refer to page XII – 25.](#)