MORTGAGE Q&A GUIDE

11 real questions from Capital Region homebuyers and homeowners, answered in plain English.

Brian Marchand | Sr. Loan Consultant | NMLS #481563
518-396-7392 | brian.marchand@naf.com | themarchandteam.com

Questions in this guide

These are the questions people actually ask me, with the answers I give them. Every situation is different, so treat this as a starting point and call or text me with yours.

01 Does the bank take my house?

No. You keep the title and the deed the entire time. It is a lien against the property, exactly like any other mortgage. The home is yours to live in, sell, or leave to your heirs.

02 What happens to my kids when I pass away?

The loan becomes due. Your heirs can sell the home and keep every dollar of equity above the loan balance, refinance into a standard mortgage and keep it, or simply walk away. Because HECM is non-recourse, they can never owe more than the home is worth, and if it sells for less, FHA insurance covers the shortfall, not your family.

03 Can I lose my home with a reverse mortgage?

Only by failing your obligations: you must keep it as your primary residence, pay property taxes and homeowners insurance, and maintain the property. Those are the same obligations you have with a regular mortgage. The financial assessment at application exists to make sure you can meet them.

04 How much money can I get?

It depends on the age of the youngest borrower, the home's appraised value, and current rates. Older borrowers access more. If you still owe on a mortgage, that gets paid off first from the proceeds. I can run your exact principal limit in one call.

05 Is a reverse mortgage expensive?

There is an upfront FHA mortgage insurance premium plus normal closing costs, and it is not a cheap loan to open. That is precisely why it should not be used for a short stay. If you plan to be in the home five-plus years, the math usually works; if you might move in two, it usually does not. I will say so.

06 What is HECM for Purchase?

It lets you buy a new primary residence using a reverse mortgage. Put down roughly half the price and carry no required monthly mortgage payment on the rest. Downsizers use it to buy a smaller, newer home without draining the proceeds from the old one.

07 Is the money taxable?

Reverse mortgage proceeds are loan advances rather than income, which generally means they are not taxed and do not affect Social Security or Medicare. Need-based programs such as Medicaid can be affected. I am not a tax advisor. Confirm with your CPA and your elder-law attorney.

08 What if my spouse is under 62?

They can be listed as an eligible non-borrowing spouse, which allows them to remain in the home if you pass away first. The paperwork on this has to be right at closing. It is one of the places inexperienced lenders get people hurt.

09 Who should not get a reverse mortgage?

A reverse mortgage is a legitimate retirement tool that gets a bad reputation from how it used to be sold. I'll do one when it's right and talk you out of it when it isn't. These are the situations where it's wrong. You plan to move within a few years. Closing costs on a reverse mortgage are substantial. Spread over fifteen years they're reasonable; spread over three they're a waste of your equity. HELOC and home equity -> You want to leave the house to your children debt-free. The balance grows over time and is repaid when the home is sold or the last borrower leaves. Heirs can keep the home by paying it off, but they may have to sell it. Have that conversation with your family first. Talk it through -> You can't afford the taxes, insurance, and upkeep. You still own the home and you still owe property taxes, homeowners insurance, and maintenance. Falling behind on any of them can trigger a default. The single biggest cause of reverse mortgage failure. Talk to Brian -> One spouse is under 62 and would be left off the loan. A younger spouse left off the note has protections as an eligible non-borrowing spouse but cannot access funds and faces real constraints. Waiting until both qualify is often the better plan. Talk it through -> You only need a modest amount for a defined purpose. For a roof or a medical bill, a HELOC or a small fixed-rate equity loan is far cheaper and much simpler. HELOC and home equity -> Your income and assets comfortably cover retirement. If you don't need it, the cleanest answer is to leave the equity alone. A reverse mortgage solves a cash-flow problem. It isn't an investment strategy.

10 How does the reverse mortgage financial assessment work?

There's no traditional income qualification, but there is a financial assessment. The lender has to confirm you can keep paying taxes, insurance, and upkeep. Here's what that looks like. What the financial assessment uses: Social Security and pension income. Award letters and bank statements. The most common income on these files. Retirement account distributions: Documented ongoing withdrawals, or assets that can be imputed as income. Annuity and investment income: Statements supporting the ongoing payments. Part-time employment income: Still usable if you're working. Rental income, From properties you own, documented by lease and returns. Residual income and credit history. The assessment looks at whether you've paid property taxes and insurance on time historically, and whether enough income remains after obligations. What it doesn't do: No minimum credit score in the traditional sense. Credit is reviewed for property-charge payment history, not for a score cutoff. No debt-to-income ceiling like a forward mortgage. There's no monthly principal and interest payment to fit into a ratio. It doesn't remove your obligations. Taxes, insurance, HOA dues, and maintenance remain yours. A Life Expectancy Set-Aside may be required to cover taxes and insurance if the assessment shows risk. It won't work on a non-primary residence, Primary residence only, no second homes, no rentals. It won't work on every property type. HECM financing is limited to FHA-eligible homes. HUD requires independent counseling from an approved agency before a HECM can proceed. I think that's a good thing. Talk

to a counselor and to your family before you talk pricing.

11 Why do reverse mortgages get denied?

Reverse mortgages get declined on property condition, title, and the financial assessment. Age and equity are the easy parts. Insufficient equity for the borrower's age. The principal limit is driven by age, rates, and value. A 62-year-old with a large existing mortgage may find the proceeds won't retire the current loan, which is a requirement. What I do: I run the principal limit against your actual mortgage payoff before anything else. If it doesn't clear, you'll know in the first conversation, not after an appraisal. The financial assessment shows property-charge risk. A history of late property taxes or lapsed insurance, or residual income too thin to support upkeep. The lender may require a set-aside that reduces your available funds, or decline. What I do: We review the tax and insurance history up front. If a set-aside is likely, I tell you how much it will reduce your proceeds so the plan is built on the real number. Property condition findings. HECM appraisals hold the home to FHA standards. A failing roof, peeling paint, an unsafe stair, or a broken furnace has to be cured, sometimes from a repair set-aside, sometimes before closing. What I do: I walk the condition issues with you before the appraisal and explain which can go into a repair set-aside and which have to be fixed first. Title and ownership complications. A deed with a deceased spouse still on it, a life estate, an old unreleased lien, or a property in a trust that doesn't meet HUD requirements. What I do: Title runs early on every one of my reverse files. Deed corrections and estate issues take weeks in New York, and starting them first prevents the whole plan from stalling. Property type is ineligible. Most manufactured homes without HUD certification, and non-FHA-approved condos. The borrower qualifies and the property doesn't. What I do: I confirm property eligibility in the first conversation. If the property type rules out a HECM, I'll say so plainly and we'll look at other options. Counseling or documentation not completed. The required HUD counseling certificate is missing, or a non-borrowing spouse hasn't been properly documented. What I do: I schedule counseling early and handle the non-borrowing spouse documentation correctly from the start, because fixing it later means re-disclosing and restarting timelines.

Call or text me. I answer my own phone, and I'll tell you straight whether it works and what it costs, before anyone pulls your credit.

Brian Marchand

Sr. Loan Consultant | NMLS #481563

CALL / TEXT	**518-396-7392**
EMAIL	**brian.marchand@naf.com**
ONLINE	**themarchandteam.com**

Marchand
The Marchand Team
Powered by naf newamerican FUNDING

Brian Marchand, Sr. Loan Consultant, NMLS #481563. New American Funding, LLC, NMLS #6606. 18 Computer Dr E, Suite 103, Albany, NY 12205. Equal Housing Lender.

This guide is for general educational purposes only and is not a commitment to lend. Loan programs, rates, terms and guidelines are subject to change without notice and to credit and property approval. Not all applicants will qualify. Consult a tax advisor regarding tax questions.

This document is not authorized by the New York State Department of Financial Services. No mortgage solicitation activity or loan applications for properties located in the State of New York can be facilitated through this document.

Content may have been created or significantly modified using artificial intelligence. For complaints, contact New American Funding customer service at 800-450-2010 ext. 7100 or customerservice@nafinc.com.