LARGER LEGACY

A STRATEGIC HOME EQUITY GUIDE FOR HOMEOWNERS AGE 62+

Strategic Home Equity Guide

Your home equity can be a planning asset before it becomes a retirement need.

- Options before urgency
- Education before application
- Family and advisors welcome

REVERSE MORTGAGE LOAN PLANNING FOR AGE 62+

JAY DACEY MORTGAGE TEAM NMLS 1812066

LARGERLEGACY.COM

WELCOME

A plan is most valuable when it is created before life makes the decision for you.

For homeowners with a solid plan and meaningful equity, an FHA-insured Home Equity Conversion Mortgage can provide another source of liquidity and flexibility.

THE IDEAL TIME TO EXPLORE

A strong plan can still benefit from another place to pivot.

01 Your retirement income is working today

02 The home fits how and where you want to live

03 You have meaningful equity available

04 You want flexibility before urgency

> Early planning does not require immediate borrowing. It creates time to decide.

INSIDE THIS GUIDE

Eight plain-English resources

For homeowners who want to plan ahead instead of react under pressure.

RESOURCE 01 | PLANNING ASSET

The house belongs in the retirement plan.

Home equity often appears on a net-worth statement but has no assigned job. A Home Equity Conversion Mortgage can turn part of that equity into accessible liquidity through a line of credit, monthly advances, a lump sum, or a combination of options.

01

More time

Compare costs and alternatives, involve family and advisors, and ask questions without the pressure of a sudden change in circumstance.

02

More choice

Explore available borrowing capacity while the decision is still optional, not after a market decline, health event, or cash-flow disruption forces the issue.

03

Better coordination

Consider home equity alongside Social Security, investments, taxes, housing, healthcare, and legacy goals instead of treating the house as a separate plan.

THE FLEXIBLE RETIREMENT BUCKET

Home equity is the "Swiss Army Knife" of retirement buckets.

The money does not have to be spent simply because access is available. It can remain a standby resource that supports another part of the plan when timing or circumstances change.

Home equity

CASH FLOW	INVESTMENTS
TAXES	HEALTHCARE
LIFESTYLE	LEGACY

Learn early. Borrow strategically.

Earlier is not automatically better for every homeowner. Closing costs, interest, mortgage insurance, and accessing future home equity must be weighed carefully. But waiting for an urgent need can leave less time and fewer choices. A review today can end with "not now" and still be valuable.

RESOURCE 02 | BASICS

A reverse mortgage loan is still a mortgage.

A Home Equity Conversion Mortgage, or HECM, is the FHA-insured version of the reverse mortgage loan. It turns part of your home equity into loan proceeds while you continue owning and living in the home.

01

You keep the title

You remain the titleholder. The home secures the loan, just as it does with a traditional mortgage.

02

No required monthly principal and interest payment

Voluntary payments are allowed. Property taxes, homeowners insurance, maintenance, and occupancy obligations continue.

03

The loan balance grows

Funds borrowed, interest, and mortgage insurance are added to the balance. Remaining home equity may decline over time.

04

The loan is repaid later

Repayment is usually triggered when the last eligible borrower sells, permanently leaves the home, or passes away.

PLAIN-ENGLISH DEFINITION

You are borrowing home equity, not selling your home.

The proceeds are loan advances, not free money. A complete review looks at both sides: what the loan may make possible and how it may influence the home equity ultimately available to the homeowner or heirs.

Read the CFPB explanation

RESOURCE 03 | PLANNING CHECK

Could understanding it today give you more choices tomorrow?

The goal is not simply to determine whether you qualify. It is to consider time, stability, and whether there is a clear reason to explore home equity before it becomes an urgent need.

01 **Will every borrower be at least age 62 at closing?**
A younger spouse may sometimes be included as a Non-Borrowing Spouse, but that changes the available proceeds and protections.
Yes | Not sure | No

02 **Is this home your principal residence?**
A HECM is designed for the home where you live for most of the year.
Yes | Not sure | No

03 **Do you own the home outright or have meaningful equity?**
Any current mortgage, second mortgage, or HELOC must be paid off at closing, often with HECM proceeds.
Yes | Not sure | No

04 **Do you expect to remain in the home for several years?**
The upfront costs are usually easier to evaluate when the home fits your longer-term plan.
Yes | Not sure | No

05 **Can you continue paying property taxes, homeowners insurance, and home maintenance?**
These responsibilities continue for as long as the loan remains in place.
Yes | Not sure | No

06 **Could additional liquidity help you protect and support the retirement plan you already have?**
The strongest strategic cases are often not emergencies.
Yes | Not sure | No

07 **Would you rather evaluate this now, or during a market decline, after a health event, or cash-flow emergency?**
Time gives you room to compare the costs, alternatives, and effect on future home equity.
Yes | Not sure | No

08 **Are you willing to coordinate the decision with family and/or the professionals who know your plan?**
A financial advisor, tax professional, or estate attorney can help evaluate how home equity fits into your retirement plan and with your other assets.
Yes | Not sure | No

Your answers stay in this browser and are not submitted or saved.

RESOURCE 04 | STRATEGIC USES

One source of value. Many ways to put it to work.

The purpose is to create flexibility, not encourage unnecessary spending. The goal is to understand when access to home equity could give the rest of the retirement plan more flexibility, protection, or breathing room.

01

Build a standby reserve

Establish an adjustable-rate line of credit for future needs. Unused borrowing capacity can grow under the HECM formula, although it is not interest earned or home appreciation.

02

Improve monthly cash flow

Use available proceeds to pay off an existing mortgage, second mortgage, or HELOC and remove the required principal-and-interest payment.

03

Protect investment timing

Create another source of liquidity during a market decline rather than selling investments in a down market. Consider coordinating this discussion with your financial advisor.

04

Add tax-planning flexibility

Reverse mortgage loan advances are loan proceeds rather than taxable income. They may provide another cash source while a tax professional evaluates withdrawals, Roth IRA conversions, or Medicare-related income thresholds.

05

Evaluate Social Security timing

Help bridge an income gap only when delayed claiming Social Security fits the broader plan. Compare the potential benefit increase with loan costs, health, potential longevity, and other assets.

06

Support aging in place

Plan for accessibility improvements, major repairs, in-home support, or care needs while the home still fits how and where you want to live.

07

Prepare for larger expenses

Create optional liquidity for care, family needs, travel, or other meaningful goals without forcing a large withdrawal from another retirement bucket.

08

Design the legacy intentionally

Using home equity can reduce equity left in the property, but it may help preserve other assets or support family while you are here to share in the experience.

HOW ACCESS CAN BE STRUCTURED

Choose the option that fits the purpose.

The amount available depends on age, home value, current interest-rate assumptions, FHA rules, existing liens, and the payment option selected.

ADJUSTABLE RATE

Line of credit

Use funds when and how you choose

Interest and mortgage insurance accrue only on the amount borrowed. Unused borrowing capacity can grow under the HECM formula.

ADJUSTABLE RATE

Monthly advances

Create scheduled cash flow

Choose tenure or term payments for a set period while the loan remains in good standing and the home remains your principal residence.

FIXED RATE

Lump sum

Receive available funds at closing

A fixed-rate HECM uses a single disbursement. Interest and mortgage insurance begin accruing on the full amount borrowed.

ADJUSTABLE RATE

Combination

Blend access and monthly advances

An adjustable-rate HECM may combine a line of credit with scheduled monthly advances to match more than one planning goal.

Important: A growing line of credit is additional borrowing capacity, not interest earned. It grows under the loan formula and becomes debt only when funds are borrowed.

Compare payment options at CFPB

RESOURCE 05 | COSTS

Costs and responsibilities, clearly explained

Including closing costs in the loan can reduce the amount needed upfront, with those expenses becoming part of the balance repaid later.

Upfront FHA mortgage insurance	The initial mortgage insurance premium for a HECM is 2% of the appraised home value or maximum claim amount.
Annual FHA mortgage insurance	The annual premium is 0.5% of the outstanding balance and accrues monthly to the loan.
Origination and third-party costs	Origination fees are capped by FHA rules. Appraisal, title, recording, credit, inspection, counseling, and other charges may also apply.
Interest	Interest accrues on the amount borrowed and is added to the loan balance. Fixed and adjustable options have different financing features.
Voluntary repayment	You may repay some or all of the balance without a required monthly schedule, subject to the loan terms.

THE FOUR RESPONSIBILITIES THAT REMAIN

01 Occupy the home as your principal residence

02 Pay property taxes

03 Keep homeowners insurance current

04 Maintain the home

Missing these obligations can cause the loan to become due and payable. They are not footnotes. They are part of the plan.

RESOURCE 06 | FAMILY

What your spouse and heirs should know

A reverse mortgage loan does not prevent heirs from inheriting the home. It does mean the loan must be satisfied when the last eligible borrower or qualifying spouse no longer occupies the home.

SPOUSE PROTECTION STARTS BEFORE CLOSING

Co-borrower and Non-Borrowing Spouse are not the same.

A co-borrower keeps the borrower rights while the loan remains in good standing. An Eligible Non-Borrowing Spouse may qualify for a deferral after the borrower passes away, but must continue meeting HUD requirements and does not receive additional loan advances.

LIKELY FAMILY PATH

	FAMILY WANTS TO KEEP THE HOME	FAMILY DOES NOT WANT TO KEEP IT
Home worth more than the HECM balance	**Keep the home and preserve remaining equity** Heirs can use other assets or new financing to repay the amount due. When the loan balance is below the home value, the remaining equity stays with the estate.	**Sell the home and retain remaining equity** The estate can sell the home, repay the HECM from the proceeds, and retain the remaining equity after selling costs and other claims.
Home worth less than the HECM balance	**Keep the home using the federal payoff protection** Eligible heirs may generally satisfy the debt for the lesser of the loan balance or 95% of the current appraised value. The servicer provides the controlling payoff amount and deadline.	**Resolve the home without inheriting the shortfall** A HECM is nonrecourse. The estate can work with the servicer on a sale or another approved resolution, and heirs are not personally responsible for a deficiency.

This is a conversation guide. The loan servicer provides the controlling payoff figures and instructions.

AFTER THE LAST BORROWER PASSES AWAY

The verified timeline has two clocks.

First, the servicer checks for a surviving borrower or qualifying spouse deferral. If neither applies, the due-and-payable process begins.

NOTICE AND RESPONSE

30 days

From the due-and-payable notice, the estate or heirs have 30 days to engage with the servicer about paying, selling, or providing a deed in lieu.

FORECLOSURE DEADLINE

6 months

The servicer must generally take the first legal action to initiate foreclosure within six months of the last borrower's passing or the end of a deferral period.

CONDITIONAL EXTENSIONS

Up to 2 × 90 days

HUD may approve additional time when the estate documents active efforts to sell the home or satisfy the balance.

Important: six months plus as many as two 90-day extensions is possible.

It is not an automatic 12-month grace period. Each extension is conditional and must be requested through the servicer before the current deadline expires.

FIRST-PARTY SOURCES

- 24 CFR § 206.125
- HUD Handbook 7610.1
- HUD Mortgagee Letter 2015-10
- Review spouse protections (CFPB)

RESOURCE 07 | PROCESS

From curiosity to closing, you remain in control

Learn what's possible for you. Ask questions and make a fully informed decision. We'll be right with you the entire time.

01 **Start with the plan, not the product**

Clarify what greater flexibility should accomplish before discussing a loan structure.

02 **Establish the foundation for your review**

Date of birth, address, current mortgage balance including any second mortgage or HELOC, and current estimated property value.

03 **Review a preliminary illustration**

See estimated proceeds, costs, payment choices, and future balance examples. No application or commitment required.

04 **Complete independent HUD counseling**

A HUD-approved counselor reviews the program, alternatives, costs, and responsibilities.

05 **Submit an application**

The formal process includes disclosures, financial assessment, title work, and an appraisal.

06 **Choose how to access your funds**

Select the plan that best matches your goals and the loan options available.

07 **Close and keep the plan coordinated**

Continue meeting the loan obligations and keep important family members and advisors informed. Our team will be there for the entire life of the loan.

INDEPENDENT EDUCATION IS BUILT IN

HUD counseling is required before the loan can proceed.

The counselor does not sell the loan. The session covers program mechanics, alternatives, costs, responsibilities, and the effect on your household.

Find HUD-approved counseling

RESOURCE 08 | FAQS

Questions worth asking before you decide

Careful consideration is part of the process. A good decision should survive direct questions, realistic numbers, and family conversation.

Why consider this if I do not need the money today?

Because time improves the quality of the decision. You can compare costs and alternatives, involve family and advisors, and decide whether standby borrowing capacity would strengthen the rest of your plan. A review may still end with “not now,” which is a useful answer when it is reached without pressure.

Does learning early mean I should close a loan early?

No. Early education and early borrowing are different decisions. Closing costs, interest, mortgage insurance, available proceeds, and the effect on future equity should be evaluated against the value of having access available.

Do I give up ownership of my home?

No. The title remains in your name, just as it does with a traditional mortgage. The home secures the loan, and you remain responsible for the loan obligations.

Do I have to make a monthly mortgage payment?

There is no required monthly principal and interest payment. You may make voluntary payments at any time. Property taxes, homeowners insurance, maintenance, and occupancy requirements continue.

Can I have a current mortgage and still qualify?

Yes! However, we recommend 70% equity in the home in order to take advantage of all the benefits. Your current mortgage, second mortgage, or HELOC must be paid off at closing. HECM proceeds may be used for that payoff, but the available proceeds must be sufficient.

How much can I receive?

The amount depends on the age of the youngest borrower or applicable spouse, the home value, current interest-rate assumptions, FHA limits, existing liens, and the payment option selected.

Can the lender take my home?

A HECM is a mortgage, so default can lead to foreclosure. The key protections are also clear: continue living in the home as your principal residence, pay property taxes and homeowners insurance, and maintain the property.

What happens if I move?

When the home is no longer the principal residence of an eligible borrower or qualifying spouse, the loan generally becomes due and payable. Most homeowners repay it by selling the home or using other funds.

Can my heirs keep the home?

Yes, if they repay the amount required by the servicer. For an FHA-insured HECM, eligible heirs may generally keep the home by paying the lesser of the loan balance or 95% of the current appraised value.

Is HUD counseling really required?

Yes. Before a HECM can move forward, you must meet with an independent HUD-approved counselor. Counseling is education, not a commitment to proceed.

A NO-PRESSURE FIRST CONVERSATION

See what is possible for you, with no application and no obligation.

Ben Bina

Reverse Mortgage Loan Consultant
NMLS #2729340

First-conversation rule: you are not allowed to buy anything.

Get a free personalized illustration

Book a 15-minute call

Explore main site

CALL BEN
651-259-1954

OFFICE
(651) 315-7681

EMAIL
ben@largerlegacy.com

WEB
largerlegacy.com

The Clarity Journal newsletter LinkedIn YouTube Facebook

A preliminary conversation or illustration is not an application and creates no obligation.

REFERENCE DESK

Official sources and review notes

Program rules change. Confirm current requirements, costs, and available options for every household and transaction. Sources reviewed July 2026.

HUD
FHA Reverse Mortgage for Seniors (HECM)

CFPB
Reverse mortgage loans

CFPB
Eligibility requirements

CFPB
Payment options

CFPB
Borrower responsibilities

CFPB
Options for heirs

ECFR
24 CFR Part 206

HUD
Housing Counseling Handbook 7610.1

CFPB
Reverse Mortgages: A discussion guide

IRS
Reverse mortgage loan proceeds and taxes

SSA
Delayed retirement credits

CFPB
Caution when borrowing solely to delay Social Security

LARGER LEGACY

Larger Legacy, a division of Jay Dacey Mortgage Team, Inc. 2862 Middle Street, Little Canada, MN 55117 | (651) 315-7681

Company NMLS #1812066. Jay Dacey NMLS #375033. Ben Bina NMLS #2729340. Licensed in MN, WI, FL, ND. NMLS Consumer Access. Equal Housing Lender.