

# Reverse Mortgage Home Loans in Utah

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Are you a retired homeowner aged 62 or older? Do you need some extra income to help you cover your monthly living expenses or help you meet the cost of healthcare? If so, a reverse mortgage home loan could be your answer. The accumulated wealth in your home, also known as home equity, can take care of you in your retirement. This will help you lead a comfortable life during your golden years.

[Contact America West Financial Home Loans to learn more or apply for a reverse mortgage in Utah](#). We will walk you through each step of the process. Because we are mortgage lenders and not just a bank, we have many options and can beat most competitor rates. Give us a call at 801-957-0155 to speak to a Utah home loan mortgage expert today!

## What is a Reverse Mortgage?

It is also known as Home Equity Conversion Mortgage (HECM). The Federal Housing Administration (FHA) insures the loan, ***making it possible for seniors homeowners to convert part of the accumulated value in in their homes into money that can supplement their retirement income***. In other words, the home is used to secure the equity loan. This type of home loan differs from the traditional mortgage since rather than the borrower making regular monthly payments to the lender, it is the lender who makes payments to the borrower. As such, there are no regular principal and interest payments as would be the case with a standard loan.

After taking out a reverse mortgage home loan, the lender will not require the borrower to pay back the borrowed amount unless the home is sold or permanently vacated. At the same time, while the owner lives in the house, they will be required to remain current on utilities, real estate taxes, homeowner's insurance, homeowners' association dues as well as payment of hazard and flood insurance policy premiums.

If the borrower permanently moved out of the house or they pass away, the reverse mortgage arrangement will come to an end. When this happens, the lender will deduct the total of the amount of money the homeowner used and the interest accrued from the current market value of the property. Your heirs will then either have the option of selling the house and keeping the balance or paying the difference to the lender so they get to retain ownership of the home. All reverse mortgage lenders give heirs these two options.

## Who is Eligible for a Reverse Mortgage?

One of the advantages of reverse mortgage home loans is that the requirements to qualify for the financial product are not as restrictive as those associated with other loans. You will be eligible for a reverse mortgage if:

- FHA requires that at least **one of the borrowers must be aged 62 or older**. If this criterion is met, the second borrower can be under 62. At the same time, borrowers must own the home or have a low balance on their existing mortgage. The balance will be easy to pay off using proceeds from the reverse loan.
- The house should be a single family or a multi-family home. Approved condominiums and manufactured homes also qualify.
- There **must be equity in the home**. Equity is calculated by deducting any outstanding debts from the market value of the home.
- The **home must be in relatively good condition** before taking out the reverse mortgage.
- The homeowner must **demonstrate the financial ability to pay homeowner's insurance and property taxes**.

## Benefits of Reverse Mortgages

Reverse mortgages allow retirees to convert the accumulated equity in their home into cash, effectively enabling them to access supplementary income while allowing them to keep their home. Moreover, a reverse mortgage home loan will not affect the individual's Medicare or Social Security benefits. The extra income can help in

- Paying for quality and long-term healthcare
- Settling any outstanding debts and taxes
- Making repairs and renovations to the home
- Go on a vacation during the retirement years

Some of the indirect benefits of the financial product are insurance by the government, one retains ownership of their home, and the extra income received is not taxed. Also, there are no prepayment penalties, and one can choose whether to receive the money in a lump sum, in regular installments, as a line of credit or as a combination that suits their needs.

## Distribution of funds

There are some payment plans from which you can select

1. **Tenure** – as long as one borrower is alive and still lives in the house, equal monthly payments will be made.
2. **Term** – equal monthly payments for a fixed period determined in advance.
3. **Line of credit** – unscheduled payments as needed until the maximum amount is reached.
4. **Modified tenure** – combines a line of credit and scheduled payments on a monthly basis provided you occupy the house.
5. **Modified term** – combines a line of credit with monthly payments for a fixed period as determined by the borrower.
6. **Lump sum** –this works for mortgages with **fixed interest rates**.

## Get the Experienced Reverse Mortgage Guidance You Deserve

To learn more about reverse mortgages or to apply in Utah, give American West Financial a call or contact us

through our website. We guarantee our clients a variety of options and competitive interest rates.