naf Reverse

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Refinancing a reverse mortgage you already have (HECM to HECM)

QUICK ANSWER

Yes, you can refinance a reverse mortgage you already have into a new one. HUD calls it a HECM-to-HECM refinance. The new loan pays off the old one, and it can make sense when your home's value or HUD's loan limit has gone up, or when a spouse who wasn't on the first loan is now old enough to join it. I'll be honest with you: it's a full new loan with new costs, and the balance keeps growing on the new loan, so it only makes sense if the gain is clearly bigger than the cost.

Key points

- **It's a whole new loan.** A refinance goes through the same rules as a first HECM: the financial assessment, an appraisal, disclosures and closing costs.
- **The lender must show you the math.** Within three days of your application, you get HUD's anti-churning disclosure with the lender's best estimate of the total cost and how much more (or less) you could borrow.
- **You get credit for mortgage insurance you already paid.** HUD's formula lowers the new upfront premium, but nothing is refunded.
- **In California, plan on counseling.** HUD lets some refinance borrowers skip counseling, but California law requires counseling and a 7-day wait before a final application for any reverse mortgage.
- **The balance still grows.** Interest, mortgage insurance and any financed costs are added to what you owe on the new loan.

These are HUD's rules for HECMs, the FHA-insured reverse mortgage. Private (proprietary) reverse mortgages, such as HomeSafe Second, set their own rules, so read those papers separately. This page is general information, not legal or tax advice.

Why people look at refinancing

Here's when a HECM-to-HECM refinance is worth a look, which is when something has changed since you closed:

- **Your home is worth more.** If the value has gone up a lot, a new loan may have a larger principal limit (the total you can borrow).
- **HUD's limit went up.** For FHA case numbers assigned on or after Jan. 1, 2026, the HECM limit is $1,249,125, up from $1,209,750 in 2025. That's a cap on the home value used in the math, not a loan amount anyone will get.
- **A spouse can now be a borrower.** If your spouse was too young at closing and is now 62 or older, a new loan with both of you as borrowers may protect them better. Both of you must meet the borrower rules.
- **Someone wants a different setup.** For example, changing how you receive money. Ask the lender to put the old loan and the new loan side by side.

I'll tell you plainly: it's usually not worth it when the home's value hasn't moved much, or when you mainly want a small amount of cash and the costs would eat most of it.

HUD's numbers for figuring what you can borrow can change over the years, so a new loan can even give you less to borrow than you have now. HUD's form has to show that as a negative number, so read it.

HUD's protections against "churning"

HUD uses the word "churning" for refinancing over and over to earn fees without helping the borrower. Its rules push back on that:

Protection	What it means for you	Source
Anti-churning disclosure (form HUD-92901)	Within 3 days of your application, the lender's best estimate of the total cost, the change in your principal limit, and any extra money available	Handbook 4000.1, HECM Refinance; 24 CFR 206.53(d)
Upfront mortgage insurance credit	The new upfront premium is capped at 3% of the increase in your home's maximum claim amount, minus the upfront premium you paid on the old loan, and it can't be more than the normal premium	24 CFR 206.53(c); Handbook 4000.1

Protection	What it means for you	Source
No refunds	If you paid more upfront premium on the old loan than the new one needs, the extra isn't refunded	24 CFR 206.53(c)
Same review as a first loan	The other HECM rules apply to refinances too	24 CFR 206.53(a)

To get the reduced upfront premium, at least one borrower from the original HECM must be a borrower on the new one, and the home must be the same property.

What the refinance costs

A refinance has the same kinds of costs as your first HECM (see what it costs):

- Upfront FHA mortgage insurance, reduced by the credit above.
- The lender's origination fee and third-party closing costs, such as the appraisal, title insurance and recording.
- Ongoing interest and yearly mortgage insurance (0.5% of the balance) on the new loan.

You can usually pay these from the new loan, which means they're added to your balance. Ask for every cost in writing, and compare the total cost to the increase in what you could borrow.

FHA mortgage insurance protects the lender, not you. New American Funding is not acting for HUD, FHA or any government agency.

Counseling and the 7-day wait

HUD's rule lets you skip counseling on a HECM refinance only if all four are true: you (and any spouse) were counseled for the original loan (or the original case number is from before Aug. 4, 2014 and there's no non-borrowing spouse), you received the anti-churning disclosure, the increase in your principal limit passes HUD's cost test, and no more than five years have passed since you closed your first HECM. That five years doesn't restart with each refinance.

California's law is stricter. Civil Code 1923.2 says a lender can't accept a final application for a reverse mortgage, or charge you fees, until 7 days after your counseling session. It has no refinance exception, so in California plan on counseling again.

That's a good thing. A counselor who doesn't work for any lender can check the math with you. Find one through counseling near Diamond Bar.

The financial assessment and set-asides

A refinance gets the same financial assessment as a first HECM: your credit history, income and expenses, and your record of paying property taxes and insurance. Based on that review, the lender may require a set-aside for taxes and insurance (a LESA).

A set-aside comes out of what you can borrow, so it reduces the money left over. See the set-aside guide and the financial assessment.

Your obligations don't change with a new loan. You still have no required monthly mortgage payment, and you still pay property taxes, homeowners insurance, HOA dues and upkeep, unless a set-aside pays the taxes and insurance from your loan money.

The loan comes due when the last borrower dies, sells, moves out for good (or is away more than 12 months in a row for illness), or doesn't meet the loan terms.

When a HECM refinance isn't available

- **The loan has already been called due.** HUD's system won't issue a new case number to refinance a HECM that is due and payable or terminated.
- **A surviving spouse is in a deferral period.** If the last borrower has died and an eligible non-borrowing spouse is staying under HUD's deferral, that spouse can't use a HECM refinance. They may be able to get a new, regular HECM in their own name if they qualify. See the non-borrowing spouse guide.

Condo owners have one easier rule: HUD doesn't require condominium project approval for a HECM refinance.

Other ways to "refinance"

- **Into a regular mortgage.** This brings back a monthly payment and needs income and credit approval. See getting out of a reverse mortgage.
- **Into a private reverse mortgage.** For higher-value homes, a private loan may be an option. It sets its own rules and costs. Compare it with a HECM in writing. See types of reverse mortgages.

There's no prepayment penalty on a HECM or on any California reverse mortgage, so paying the old loan off with a new one doesn't cost a penalty.

A made-up example to show how it works. Your situation will be different.

Example: Vicente looks at a refinance

Vicente, 74, lives in Diamond Bar and took out a HECM nine years ago, when his wife was 59. She wasn't old enough to be a borrower. She is 68 now, and the home is worth more.

Vicente asks a lender whether a refinance with both of them as borrowers makes sense, and asks for the old loan and the new loan side by side, in writing.

He and his wife meet a HUD-approved counselor together, who walks them through the costs, the growing balance, and the taxes, insurance and upkeep they'll keep paying. After the 7-day wait California requires, they apply.

Within three days the lender gives them the anti-churning disclosure: its best estimate of the total cost, and how much more they could borrow. They compare it with what they discussed in counseling and decide only after they've seen it all on paper.

Do and don't

My advice, in short:

Do

- **Do** ask for the anti-churning disclosure and read the change in your principal limit, including whether it's negative.
- **Do** compare the total cost of the refinance with the increase in what you can borrow, in writing.
- **Do** bring a spouse who wasn't on the first loan into the conversation early.
- **Do** keep paying your property taxes, insurance and HOA dues while you decide.

Don’t

- **Don't** refinance just because someone calls you about it. A new loan means new costs.
- **Don't** use loan money for annuities or investments, and don't let anyone tie the loan to buying another product. The law doesn't allow anyone involved in the loan to require that.
- **Don't** assume a private (proprietary) loan follows HUD's rules. Check its papers.

Questions families ask

Can you refinance a reverse mortgage?

Yes. You can refinance a HECM into a new HECM, into a regular mortgage, or into a private reverse mortgage. A new HECM goes through the full review again, comes with HUD's anti-churning disclosure, and gives you credit for upfront mortgage insurance you already paid.

Can a reverse mortgage be refinanced to get more money?

Sometimes. If your home's value or HUD's limit has gone up, the new loan's principal limit may be higher. The anti-churning disclosure shows the lender's best estimate of the increase (or decrease) and the total cost. If the gain isn't clearly bigger than the cost, it's usually not worth it.

Reverse mortgage vs. refinance: which is better?

It depends on what you need. A regular refinance gives you a monthly payment and needs income to qualify. A reverse mortgage has no required monthly mortgage payment, but the balance grows, and you still pay taxes, insurance, HOA dues and upkeep.

If you're not retired yet and can afford a payment, a regular loan is often the better fit. See is a reverse mortgage a good idea.

Can I add my spouse to my reverse mortgage?

Not to the existing loan. To make a spouse a borrower, you'd refinance into a new HECM with both of you on it, and both of you must be 62 or older and meet the borrower rules. If you're not refinancing, find out whether your spouse was named as an eligible non-borrowing spouse at closing. See the non-borrowing spouse guide.

Is there a waiting period before I can refinance my reverse mortgage?

HUD's rules here focus on the cost test and the disclosure rather than a set waiting period. Lenders and investors can add their own requirements, so ask the lender in writing. In California, the 7-day wait after counseling applies to every reverse mortgage.

Do I have to pay off a second loan or other lien?

Usually. HUD says any existing lien that can't be placed behind the new HECM's liens must be paid off, along with the costs of the refinance.

Sources (read November 3, 2026)

- 24 CFR 206.53, Refinancing a HECM loan (eCFR): https://www.ecfr.gov/current/title-24/subtitle-B/chapter-II/subchapter-B/part-206/subpart-B/section-206.53
- 24 CFR Part 206 (sections 206.27, 206.205), eCFR: https://www.ecfr.gov/current/title-24/subtitle-B/chapter-II/subchapter-B/part-206
- HUD Handbook 4000.1, Part II.B.8.b, HECM Refinance (definition, counseling waiver, churning disclosure, case numbers, condominiums, initial MIP formula, annual MIP), and Part II.B.2 (credit history for a "Traditional or Refinance HECM"), last revised Aug. 12, 2026: https://www.hud.gov/hud-partners/single-family-handbook-4000-1 (full text: https://www.hud.gov/sites/default/files/Housing/documents/40001-hsgh-Update-18-Redline.pdf)
- HUD No. 25-145, 2026 HECM limit: https://www.hud.gov/news/hud-no-25-145
- California Civil Code 1923.2 (counseling list, 7-day wait, no prepayment penalty): https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CIV&sectionNum=1923.2
- Regulation Z, right to cancel, 12 CFR 1026.23: https://www.ecfr.gov/current/title-12/chapter-X/part-1026/subpart-C/section-1026.23
- HUD housing counselor search: https://answers.hud.gov/housingcounseling/s/?language=en_US



Talk with me first

I'll answer your questions and tell you plainly if a reverse mortgage isn't the right fit. No pressure.

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Personal estimate and more free guides: thereverseguide.com. Before you can apply, you'll meet with an independent HUD-approved counselor; it's required.

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