naf Reverse

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How much can you get from a reverse mortgage? What decides it, and the line of credit

QUICK ANSWER

How much you can get from a HECM reverse mortgage depends on three things: the age of the youngest borrower (or eligible non-borrowing spouse), the expected interest rate, and your home's value, capped at HUD's limit of $1,249,125 for case numbers assigned in 2026. HUD's tables turn those into a percentage of the home's value. The percentage generally rises with age and falls as rates rise. Then anything you still owe, closing costs and any set-aside come out of that amount, and HUD limits how much you can take in the first year.

Key points

- **HUD's tables set the starting amount.** It's called the principal limit, and it's based on the youngest borrower's age, the expected interest rate and the home's value (up to the HUD limit).
- **What you owe comes off the top.** Paying off an existing mortgage, closing costs and any set-aside for taxes and insurance all reduce what's left for you.
- **The first year is capped.** Generally, you can take up to 60% of the principal limit in the first 12 months, or your required closing costs and payoffs plus 10% of the principal limit, whichever is greater.
- **An unused line of credit grows.** On an adjustable-rate HECM, the amount you can borrow grows each month on the part you haven't used.
- **A calculator only estimates.** The real number is the lender's written quote, based on your appraisal, your rate and your actual payoffs.
- **It's a loan.** The balance grows over time with interest, mortgage insurance and fees, and you keep paying property taxes, homeowners insurance, HOA dues and upkeep.

The three things that decide the amount

Factor	How it works	Effect on the amount
Age of the youngest borrower or eligible non-borrowing spouse	HUD uses the youngest person's age	Older usually means more
Expected interest rate	The rate used to figure the amount at closing, not the rate you pay each month	Higher rates usually mean less
Home value	The lesser of the appraised value, the purchase price (if buying) or HUD's limit: $1,249,125 for case numbers assigned in 2026	Higher value means more, up to the limit

HUD combines these using its own tables, called principal limit factors. The result is your **principal limit**: the most that can be borrowed against the home, before anything is paid out. The HUD limit caps the home value used in the math.

It isn't the amount anyone can borrow. A HECM is insured by the FHA, but that insurance protects the lender, not you. New American Funding is not acting for HUD, FHA or any government agency.

Private (proprietary) loans, such as HomeSafe, set their own amounts and limits, and some are built for higher-value homes. The HECM rules on this page don't apply to them. See the types of reverse mortgages.

What comes off the top

Think of it this way: the principal limit isn't cash in hand. Several things are subtracted first:

1. **Paying off your existing mortgage or other liens.** A HECM must be the first lien on the home, so an existing mortgage is paid off at closing from the loan. The more you owe, the less is left over.
2. **Closing costs and the upfront mortgage insurance premium**, if they're paid from the loan. See what it costs.
3. **A set-aside (LESA) for property taxes and insurance**, if the lender requires one or you choose one. That money is held back to pay those bills over time, so it's no longer available to you. See how a set-aside works.
4. **A repair set-aside**, if the appraisal calls for repairs to be finished after closing.
5. **Delinquent federal debt**, if any, which is paid at closing.

What's left is what you can actually use. If the payoffs and costs are more than the principal limit, you'd need to bring cash to closing, or the loan won't work. See who qualifies.

The first-year limit (the "60% rule")

HUD limits how much you can take at closing and during the first 12 months. On HUD's current payment plan form, the cap is the greater of:

- **60% of the principal limit**, or
- **your mandatory obligations plus 10% of the principal limit.** Mandatory obligations are the required costs paid at closing, such as paying off your existing

mortgage, closing costs, the upfront mortgage insurance premium and certain set-asides.

The cap can also be lower if a set-aside for taxes and insurance is held back for later years. On an adjustable-rate HECM, whatever you couldn't take in the first year stays available after the first 12 months, and keeps growing in the line of credit.

On a fixed-rate HECM, you get one lump sum at closing under the same cap, and you can't draw more later. That's why it's worth deciding between fixed and adjustable carefully. See ways to receive the money.

Why the line of credit grows

On an adjustable-rate HECM, the part of your line of credit you haven't used grows each month, at the loan's interest rate plus the mortgage insurance rate. That means money you leave untouched gives you more room to borrow later.

It isn't interest paid to you, and it isn't income: anything you draw is added to your balance, and the balance grows with interest, mortgage insurance and fees. If rates go up, the growth speeds up; if they go down, it slows.

Made-up example: Sunil, 70, and Priya, 64, live in Walnut and still owe on their mortgage. Because Priya is the younger borrower, HUD's tables use her age, so their principal limit is lower than if both were 70. Their payoff is part of their mandatory obligations, so it comes out first.

Because the payoff is large, their first-year cap is figured as their mandatory obligations plus 10% of the principal limit, since that's more than 60%. They choose an adjustable-rate HECM, pay off the mortgage at closing, and leave the rest in a line of credit for later.

They have no required monthly mortgage payment, but they keep paying property taxes, homeowners insurance, any HOA dues and upkeep, and they know the balance grows over time. They ask the lender for the numbers in writing before deciding.

Why an online calculator only estimates

"Reverse mortgage calculator" is a common search. A calculator can give you a rough idea, but it can't give you your number, because it doesn't know:

- **Your home's appraised value.** Many calculators use an estimate. The appraisal decides.
- **The rate on the day your amount is set.** Small rate changes move the result.
- **Your exact payoffs.** Your mortgage balance, any liens and any federal debt.
- **Your Financial Assessment.** A required set-aside lowers the amount, and a calculator can't know whether you'll need one.
- **Your real closing costs** and which payment option you pick.

This site doesn't offer a calculator for that reason. The real number comes from a lender's written quote after you apply, and you can compare quotes from more than one lender. My advice: get it in writing. Be cautious with any ad or tool that shows a big number before anyone has seen your home.

Made-up example: Lucía, 66, of Rowland Heights, tried two online calculators and got two different numbers. She brought her mortgage statement, property tax bill and insurance bill to a lender, who explained what was missing from the online estimates.

After counseling and California's 7-day wait, she applied and got the amounts in writing, including what would come off the top for her payoff and costs. She compared that against a second lender before choosing.

Do and don't

My advice:

Do

- **Do** ask for a written quote that shows the principal limit and every item subtracted from it.
- **Do** ask how much you can take in the first year, and how much stays in the line of credit.
- **Do** ask how the youngest borrower's age affects the amount if your spouse is younger.

Don’t

- **Don't** treat an online estimate or an ad's number as your amount.
- **Don't** take more than you need. The balance grows on everything you draw.
- **Don't** use the money to buy an annuity or investments, and don't let anyone require you to buy another product. Nobody involved in the loan can require it.

Questions families ask

How much can you get from a reverse mortgage?

It depends on the youngest borrower's age, the expected interest rate and your home's value, up to HUD's limit of $1,249,125 for case numbers assigned in 2026. HUD's tables turn those into a percentage. Then anything you owe, closing costs and any set-aside come out, and only a lender's written quote gives your actual amount.

What is the 60% rule in a reverse mortgage?

In the first 12 months, HUD generally lets you take up to 60% of your principal limit, or your required closing costs and payoffs plus 10% of the principal limit, whichever is greater. On an adjustable-rate HECM, the rest becomes available after the first year.

How much would I get if I still owe on my house?

What you owe is paid off at closing from the loan, so it reduces what's left for you. If you owe more than the loan can cover, you'd need to bring cash to closing, or a reverse mortgage may not work.

Is there a reverse mortgage calculator without personal information?

Some sites offer them, but without your home's appraised value, your rate and your payoffs, the result is only a rough estimate. The real number comes from a lender's written quote.

Does a reverse mortgage line of credit really grow?

On an adjustable-rate HECM, yes. The unused part grows each month at the loan's interest rate plus the mortgage insurance rate. It's more room to borrow, not money paid to you, and anything you draw adds to your balance.

What is the maximum amount for a reverse mortgage?

For a HECM, HUD caps the home value used in the math at $1,249,125 for case numbers assigned in 2026. That's a cap on value, not a loan amount; you can borrow only a percentage of it. Private loans have their own limits.

Sources (read November 3, 2026)

- 24 CFR 206.3, definitions of principal limit (age of youngest borrower or eligible non-borrowing spouse, expected interest rate, maximum claim amount; HUD's factors; monthly growth at the interest rate plus the mortgage insurance rate; no further draws on fixed-rate loans), maximum claim amount (lesser of appraised value, purchase price or the national limit) and expected average mortgage interest rate: https://www.ecfr.gov/current/title-24/subtitle-B/chapter-II/subchapter-B/part-206
- 24 CFR 206.25(a) and (b), first-year (initial disbursement) limit, fixed-rate borrower's advance, and mandatory obligations (existing liens, closing costs, MIP, set-asides, delinquent federal debt): same link
- 24 CFR 206.19(f), repair set-aside and LESA come out of the principal limit: same link
- HUD, HECM Adjustable Rate Mortgage Payment Plan (Exhibit 1, last revised April 1, 2024; lines for 60% of the principal limit and mandatory obligations plus 10%): https://www.hud.gov/sites/dfiles/SFH/documents/HECM_Adjustable_Rate_Payment_Plan.pdf
- HUD news release No. 25-145, 2026 HECM limit $1,249,125: https://www.hud.gov/news/hud-no-25-145
- HUD, "HUD FHA Reverse Mortgage for Seniors (HECM)" (what decides the amount): https://www.hud.gov/hud-partners/single-family-hecmhome
- FTC, "Reverse Mortgages" (FHA insurance protects the lender; no required add-on products): https://consumer.ftc.gov/articles/reverse-mortgages
- California Civil Code 1923.2 (counseling and the 7-day wait): https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CIV&sectionNum=1923.2



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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