naf Reverse

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Who qualifies for a reverse mortgage, and why people are denied

QUICK ANSWER

Here's the short version. To qualify for a HECM, the most common reverse mortgage, the youngest borrower must be 62 or older, the home must be your main home, and you need enough equity for the loan to pay off any mortgage you still owe. You also meet with an independent HUD-approved counselor, pass the lender's Financial Assessment, and the home itself must meet FHA's property rules. A denial means one of those steps wasn't met, and some can be fixed or planned around.

Key points

- **Age 62 for a HECM.** The youngest borrower must be 62 at closing. A younger spouse can sometimes stay in the home as a non-borrowing spouse. Some private loans, including HomeSafe and HomeSafe Second, start at 55 in California.
- **It must be your main home.** You live there most of the year, and you keep paying property taxes, homeowners insurance, HOA dues and upkeep.
- **Enough equity to pay off what you owe.** Any existing mortgage has to be paid off at closing, usually from the reverse mortgage itself.
- **Counseling before you apply.** An independent HUD-approved counselor meets with you before you apply. In California, a 7-day wait follows before a final application or any fee.
- **The lender reviews your finances.** The Financial Assessment looks at your credit history and your income and expenses. It isn't one credit score.
- **The home has to qualify too.** Single-family homes, some 2 to 4 unit homes, approved condos and certain manufactured homes can work.

The HECM requirements at a glance

Requirement	What it means	Where the rule comes from
Age	Youngest borrower 62 or older at closing	24 CFR 206.33
Main home	You live there as your principal residence	24 CFR 206.39
Equity	Enough to pay off existing liens, closing costs and any required set-aside	24 CFR 206.25(b), 206.32
Counseling	Borrowers, any non-borrowing spouse and any non-borrowing owner meet with an independent HUD-approved counselor	24 CFR 206.41
Financial Assessment	Credit history, cash flow and residual income reviewed	24 CFR 206.37
Federal debt	Delinquent federal debt must be resolved; it can be paid from the loan at closing	24 CFR 206.25(b)(7)
Title	Every borrower is on the title	24 CFR 206.35
Property	The home meets FHA standards; condos need FHA project approval or Single-Unit Approval (site condos don't)	24 CFR 206.45, 206.51

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.

Age: 62, and what happens with a younger spouse

For a HECM, the youngest borrower must be at least 62 on the day the loan closes. If one spouse is 62 and the other is younger, the younger spouse can't be a borrower yet, but may be named as an **eligible non-borrowing spouse**.

That spouse must be married to the borrower at closing, be named in the loan papers, and live in the home. If the borrower dies first, an eligible non-borrowing spouse can keep living there as long as they keep meeting the loan terms, though no more loan money is paid out.

The younger spouse's age is also used to figure how much can be borrowed, which lowers the amount. Read more in the non-borrowing spouse guide.

If you're between 55 and 61, a HECM isn't available, but some private (proprietary) loans are. HomeSafe and HomeSafe Second start at 55 in California, and I can offer HomeSafe Second through New American Funding.

Private loans set their own rules, so the HECM rules on this page may not apply to them. See HomeSafe Second and the types of reverse mortgages.

Your main home

The home must be your principal residence: the place you live and spend most of the year. A vacation home or rental doesn't qualify. After closing, you'll confirm each year that you still live there.

The loan comes due when the last borrower dies, sells, moves out for good (or is away more than 12 months in a row because of illness), or doesn't meet the loan terms, such as paying property taxes and insurance. See the occupancy rules.

Equity, and paying off the mortgage you have

Think of it this way: the loan has to be big enough to cover what has to be paid first.

There's no single equity percentage in HUD's rules. What matters is whether the amount you can borrow is large enough to cover:

- **Any mortgage or lien you still owe.** A HECM must be the first mortgage on the home, so any mortgage you have now is paid off at closing.
- **Closing costs and mortgage insurance**, if they're paid from the loan.
- **Any required set-aside** for property taxes and insurance, or repairs the appraisal calls for.

If the loan can't cover all of that, you'd need to bring the difference in cash, or the loan won't work. How much you can borrow depends mostly on the youngest borrower's age, interest rates and your home's value. See how much you can get and refinancing into a reverse mortgage.

Counseling before you apply

Before you apply, you meet with an independent HUD-approved counselor who isn't paid by the lender. The borrower, any non-borrowing spouse and any other owner on the title all take part.

In California, the law requires independent counseling and a 7-day wait before a final application or any fee for any reverse mortgage, not just HECMs. A counselor can't turn you away because you can't pay the counseling fee. See counseling near Diamond Bar.

The Financial Assessment

With a reverse mortgage there's no required monthly mortgage payment, but you still pay property taxes, homeowners insurance, HOA dues and upkeep. So the lender checks whether those bills are likely to keep getting paid.

HUD's rule names your **credit history** (willingness) and your **cash flow and residual income** (capacity), and the lender must consider documented hard times and strengths. If the review shows a concern, the lender may require a set-aside that pays your taxes and insurance from the loan, which lowers what you can borrow.

In some cases the loan can't go forward. See the Financial Assessment and how a set-aside works.

Federal debt

If you're behind on a debt owed to the federal government, it has to be dealt with before the loan closes. HUD lists delinquent federal debt among the costs that can be paid from the loan at closing. Ask the lender early how it applies to you.

If you aren't sure, ask the agency for a payoff letter or your current status before you apply.

What kinds of homes qualify

The appraiser checks both the value and whether the home meets FHA's property standards. If repairs are needed, they may have to be done before closing, or money may be set aside to finish them afterward.

- **Single-family homes.** The most common kind.
- **2 to 4 unit homes**, as long as you live in one of the units.
- **Condos.** The condo project must be FHA-approved, or the single unit must get FHA approval on its own (called Single-Unit Approval).
- **Manufactured homes.** Generally, the home must be built on or after June 15, 1976, to the federal manufactured home code (shown by a HUD label on the home), sit on a permanent foundation, be classified as real estate (HUD says it doesn't have to be taxed as real estate), and be at least 400 square feet. It must have been moved only once, from the factory or dealer straight to its site, and you must own the land or have a qualifying lease. Ask the lender before you count on a manufactured home qualifying. See which homes qualify.

Ask early if your home is a condo or a manufactured home. These property types have extra rules, so they take more checking.

Made-up example: Esperanza, 66, owns a condo in Rowland Heights and still owes a small mortgage on it. Before she pays for anything, she asks the lender to check whether her condo project is FHA-approved. It isn't, so the lender looks into approval for her single unit.

Meanwhile she meets with a counselor, gathers her income and tax records for the Financial Assessment, and asks for an estimate in writing showing that the loan would pay off her mortgage.

She knows she'll keep paying her property taxes, insurance and HOA dues, and that the balance will grow over time with interest, mortgage insurance and fees.

Common reasons people are denied

A denial usually comes down to one of these:

1. **Not enough equity.** The loan can't cover the existing mortgage, closing costs and any set-aside.
2. **The Financial Assessment.** The credit history or the income and expenses don't show the bills are likely to stay paid, even with a set-aside.

3. **The property.** The condo isn't approved, the manufactured home doesn't meet FHA rules, or required repairs can't be made.
4. **Not the main home.** The home is a rental or second home, or the owner already lives somewhere else, such as with family.
5. **Delinquent federal debt** that can't be resolved before closing.
6. **Title problems.** Every borrower has to be on the title, and liens or ownership questions must be cleared.
7. **Age.** The youngest borrower is under 62 for a HECM.

If you're denied, get it in writing: ask the lender to tell you why. You can also ask a counselor about other choices, from a private loan to a home equity line of credit to selling. See alternatives.

Made-up example: Victor, 71, lives in Pomona and was told his first HECM application wouldn't work: he had fallen behind on property taxes during a hard stretch two years ago. Victor caught up the taxes and brought papers showing what happened and his steady pension income.

On a new application, the lender approved the loan with a set-aside to pay his taxes and insurance, which lowered what he could borrow. Approval isn't guaranteed; it's the lender's decision under HUD's rules. He understands the balance grows each year, including the tax and insurance payments made for him. See behind on taxes or insurance.

Do and don't

My advice: bring your family, and ask early.

Do

- **Do** ask a lender to check your property type early, especially a condo or manufactured home.
- **Do** gather your income, tax, insurance and HOA records before the first meeting.
- **Do** find out what you owe on any mortgage, lien or federal debt.
- **Do** bring your spouse, and any co-owner, to counseling.

Don’t

- **Don't** pay anyone a fee before counseling and California's 7-day wait.
- **Don't** let anyone tell you a reverse mortgage requires buying an annuity, insurance or an investment. Nobody involved in the loan can require it.
- **Don't** assume a "no" is final. Ask why in writing, and ask what would change it.

Questions families ask

What are the requirements for a reverse mortgage?

For a HECM: the youngest borrower is 62 or older, the home is your main home, you have enough equity to pay off any existing mortgage, you meet with an independent HUD-approved counselor, you pass the lender's Financial Assessment, and the home meets FHA's property rules. You also keep paying property taxes, insurance, HOA dues and upkeep.

What is the minimum age for a reverse mortgage?

62 for a HECM, based on the youngest borrower at closing. Some private loans start at 55 in California, including HomeSafe and HomeSafe Second.

How much equity do you need for a reverse mortgage?

HUD doesn't set one percentage. The loan has to be large enough to pay off what you owe, plus closing costs and any required set-aside. Younger borrowers and higher interest rates mean less can be borrowed, so more equity is needed.

What would disqualify me from getting a reverse mortgage?

The most common reasons are not enough equity, a Financial Assessment that shows taxes and insurance are unlikely to stay paid, a home that doesn't meet FHA rules (such as an unapproved condo), the home not being your main home, or unresolved federal debt.

Can you get a reverse mortgage on a condo or a mobile home?

A condo, yes, if the project is FHA-approved or the unit gets Single-Unit Approval. A manufactured home generally must be built on or after June 15, 1976, to the federal code, sit on a permanent foundation, be classified as real estate (it doesn't have to be taxed as real estate), be at least 400 square feet, and have been moved only once, from the factory or dealer to its site.

You must own the land or have a qualifying lease. Homes built before then (often called mobile homes) don't qualify for a HECM.

Is there an income requirement or a minimum credit score?

There's no set income minimum or single credit score in HUD's rule. The lender looks at your credit history and whether your income covers your expenses, including property taxes and insurance. A weak history may mean a set-aside, or in some cases a denial.

Sources (read November 3, 2026)

- 24 CFR Part 206 (HECM), eCFR, current text: 206.33 (age 62), 206.39 (principal residence), 206.32 (no unpaid obligations after closing), 206.25(b) (mandatory obligations, including existing liens and delinquent federal debt), 206.35 (title), 206.37 (Financial Assessment), 206.41 (counseling), 206.45 and 206.51 (eligible properties and condos), 206.55 (eligible non-borrowing spouse), 206.27(c) (when the loan comes due): https://www.ecfr.gov/current/title-24/subtitle-B/chapter-II/subchapter-B/part-206
- 24 CFR 203.43b, condominium units, including Single-Unit Approval: https://www.ecfr.gov/current/title-24/section-203.43b
- 24 CFR 203.43f, manufactured homes (federal code label, permanent foundation, classified as real estate): https://www.ecfr.gov/current/title-24/section-203.43f
- 24 CFR 3282.1, federal manufactured home standards apply to homes made on or after June 15, 1976: https://www.ecfr.gov/current/title-24/section-3282.1
- HUD, "HUD FHA Reverse Mortgage for Seniors (HECM)": https://www.hud.gov/hud-partners/single-family-hecmhome
- HUD ML 2021-11 (non-borrowing spouse deferral): https://www.hud.gov/sites/dfiles/OCHCO/documents/2021-11hsgml.pdf
- HUD ML 2011-09 (no one turned away from counseling for inability to pay): https://www.hud.gov/sites/documents/11-09ml.pdf
- 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, any reverse mortgage): 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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