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A REVERSE MORTGAGE

ANNOTATION

In this article, we are going to take a look at how reverse mortgages can improve the lives of the elderly in the future, for large homeowners with dwindling savings, additional income on reverse mortgages is low-risk Source offers. For some, we thought that the reason why they were retirement tools to relieve the pressure of permanent living costs is precisely one of the reasons why it is worth touching on this topic.

It will not be a mistake to say that this reverse mortgage guide will explain, that we have also tried to dwell separately on how positive and negative there are for the future.

Keywords: Reverse Mortgage, Reverse Mortgage Works, improve the life of the elderly, additional income on mortgages, expenses for permanent residence, benefits and risks, homeowners, savings.

ТЕСКАРИ ИПОТЕКА

АННОТАЦИЯ

Бу мақолада биз, тескари ипотека келажакда қарияларнинг ҳаётини яхшилаши мумкинлигини, камайиб бораётган тежаш билан катта уй-жой мулкдорлари учун, тескари гаровга қўшимча даромад паст-хавф манбаи таклифлари ҳақида мулохазалар олиб борамиз. Баъзилар учун улар доимий яшаш харажатлари босимини енгиллаштирадиган пенсия воситалари бўлганлиги сабаб, айнан шу мавзуга тўхталиб ўтганимизга арзигулик сабаблардан бири деб ўйладик.

Бу тескари ипотека қўлланма тушунтириб ўтишимиз, келажак учун қанчалик ижобий ва салбий тамонлари борлигига ҳам алоҳида тўхталиб ўтишга ҳаракат қилганимиз, айни муддао бўлди десак ҳато бўлмайди.

Калит сўзлар: тескари ипотека, тескари ипотека ишлари, қарияларнинг ҳаётини яхшилаши, гаровга қўшимча даромад, доимий яшаш харажатлари, фойда ва хатарлар, уй-жой мулкдорлари, тежаш.

ОБРАТНАЯ ИПОТЕКА

АННОТАЦИЯ

В этой статье мы рассмотрим, как обратная ипотека может улучшить жизнь пожилых людей в будущем. Для крупных домовладельцев с сокращающимися сбережениями дополнительный доход по обратной ипотеке является источником низких рисков. Для некоторых мы подумали, что причина, по которой они стали пенсионными инструментами для снижения расходов на постоянное проживание, как раз и является одной из причин, по которой стоит затронуть эту тему.

Не будет ошибкой сказать, что в этом руководстве по обратной ипотеке будет объяснено, что мы также постарались отдельно остановиться на том, какие есть положительные и отрицательные стороны для будущего.

Ключевые слова: Обратная ипотека, Обратная ипотека работает, улучшение жизни пожилых людей, дополнительный доход по ипотеке, расходы на постоянное проживание, преимущества и риски, домовладельцы, сбережения.

Introduction

A reverse mortgage can improve a senior's life in the future. For older homeowners with dwindling savings, reverse mortgages offer a low-risk source of additional income. For some, they are retirement tools that help ease the pressure of ongoing living expenses. This reverse mortgage guide will explain:

1. How a reverse mortgage works
2. If you are a good candidate for a reverse mortgage
3. The benefits and risks

As you age, your income level typically declines. Your income and savings may not be enough to cover your bills. The extra cost of paying for needed home improvements or medical issues that your insurance won't cover can be devastating.

A reverse mortgage can solve these problems as a retirement investment. You may want to live a little more comfortably later in retirement. If you have a significant amount of equity in your home, a reverse mortgage may be an option for you to turn that equity into cash.

What is a reverse mortgage?

A reverse mortgage is a home loan that allows homeowners to convert some of the equity in their home into cash. You get money based on the remaining balance of the loan, or equity. But a reverse mortgage is different from a home equity line of credit (HELOC). Unlike other home equity loans, traditional mortgages, or second mortgages, you don't pay off the loan amount until you sell the home. The lender can provide you with the loan proceeds in a lump sum or in a series of monthly payments over your lifetime [1].

The only requirements a loan servicer has for most reverse mortgages are:

- The home is your primary residence
- The reverse loan must be the primary repayment (first payment) of the home loan

If you have a home loan, the lender can't disqualify you. But you must use the reverse loan to pay off another loan.

The three main types of reverse mortgages include:

1. Property reverse mortgage
2. Single-purpose reverse mortgage
3. Federally insured reverse mortgage

Typically, a reverse mortgage does not have monthly mortgage payments.

Reverse Loans: Upon Death or Change of Living Arrangements

You and your co-borrower (if any) must repay the loan amount (plus interest) when:

- You die
- Sell the home
- No longer use it as your primary residence

You must also continue to pay property taxes and carry homeowner's insurance. If you do neither, the loan is usually due and payable immediately.

What are the benefits of a reverse mortgage?

The main benefits of a reverse mortgage are:

- You can keep title to your home as long as you live in it
- You can get immediate cash flow

The lender cannot foreclose on your home for late mortgage payments because there are no monthly payments to skip. With this type of loan, the entire loan, interest, and fees are paid when the home is sold. You can also pay off the loan in a lump sum, in monthly payments, or on a schedule of your choosing.

Benefits for Older Homeowners

For older borrowers, a reverse mortgage can be beneficial. This is because older borrowers tend to:

1. Own their home (meaning they can borrow more against its value)
2. Have fewer sources and options for earning income

A reverse mortgage can provide a line of credit that helps homeowners:

- Make needed improvements (like fixing a leaky roof)
- Provide income to pay bills or living expenses
- Give peace of mind knowing they won't lose their home

A reverse mortgage also offers a viable alternative to other ways to borrow money. Not everyone may qualify for a refinance. Avoid the high origination fees and other costly costs that come with a new loan. A reverse mortgage lets you put money in your pocket without the hassle of making monthly mortgage payments.

Can I qualify for a reverse mortgage?

Private lenders don't have strict eligibility requirements for a reverse mortgage, but they do typically require the borrower to be 62 years old.

The ideal candidate for a reverse mortgage is someone who owns their home outright, has a high home value, and is older. For a lender, ideal reverse mortgage candidates have the highest return and the lowest risk [2].

This situation is attractive to lenders because:

1. The borrower has no creditors who have a claim on the home
2. The high value of the home is a strong indicator that the lender will get all of their money

back

3. The lender is more likely to get their loan back sooner (based on actuarial charts)

Federal government lenders have a specific list of requirements.

What types of homes qualify for reverse mortgages?

Generally, all single-family homes and homes with two to four units qualify for reverse mortgages. In multi-family homes, the owner or borrower must occupy one of the units.

Some lenders also allow condos.

The federal government will back reverse mortgages for some manufactured homes, but lenders generally do not provide reverse mortgages for mobile homes.

How much can I borrow?

The amount you can borrow on a reverse mortgage depends on factors such as:

- Your age
- Current interest rates
- The value of your home

Older people tend to get lower interest rates and will be able to borrow more against the value of their home.

The most popular reverse mortgages are through the U.S. Department of Housing and Urban Development. As of 2024, its loan limit was \$1,149,825 per home.

Mortgage Insurance for Reverse Mortgages

Most reverse mortgages require mortgage insurance. Borrowers pay premiums for mortgage insurance to protect the lender's interest in their property. In the context of a reverse mortgage, the insurance may cover the appraised value of the home so the lender can get their investment back if:

- The homeowner defaults
- The property is damaged, destroyed, or in danger of foreclosure

The government may insure some mortgages. The Federal Housing Administration (FHA) is part of the U.S. Department of Housing and Urban Development and insures mortgages from FHA-approved lenders.

What are the disadvantages of a reverse mortgage?

The biggest disadvantage of a reverse mortgage is that the debt and interest increase each time you borrow. The new amount and interest are capitalized onto the old debt. So the amount you owe can quickly reach the value of the house.

But you don't have to worry about losing your home as long as you:

- Continue to pay your property taxes
- Maintain your home
- Keep your homeowner's insurance
- Follow all the terms of your reverse mortgage agreement

How will a reverse mortgage affect my heirs?

When you sell your home, there may be nothing left for you or your heirs.

If you want to leave your home to your heirs, a reverse mortgage is not for you. Since the loan is paid off with the proceeds of the home sale, there will be no home to pass on to your heirs.

But whatever is left over from the sale after the loan is paid off is yours. Sometimes it will be your estate. In either case, you can gift it at your discretion [3].

Aggressive Lenders and Credit Scams

Borrowers should be wary of aggressive lenders who pose as government employees. Some scammers specifically target older adults. They will try to take advantage of older people by threatening them and pretending to be in a management position.

These lenders often charge high upfront servicing fees and high interest rates. They may try to prey on older homeowners who need money to pay for medical bills or needed home improvements.

Types of Reverse Mortgage Lenders

Many lending institutions may offer you a reverse mortgage. The federal reverse mortgage program is popular because it charges no loan fees and has a low to moderate interest rate. But private lenders may be needed by homeowners who do not qualify for a federal loan. Always be wary of any lender that charges a loan fee.

Federal Government Lenders

The federal government is the most popular reverse mortgage lender. Through the U.S. Department of Housing and Urban Development (HUD), the government guarantees reverse mortgages to help older homeowners looking to supplement their income.

The only reverse mortgage insured by the federal government is the Home Equity Mortgage (HECM).

Private Lenders

Private lenders often charge higher interest rates and add a fee on the reverse mortgage. This reduces the amount of equity homeowners can get out of their home and increases their profits.

Some private lenders prey on older homeowners by posing as government agencies. They may mail documents that look official.

Keep in mind that HUD-backed reverse mortgages do not charge a loan fee. If you are unsure, ask the lender directly if they are a government agency.

Getting a loan through a private lender can significantly increase the cost of the loan, but sometimes it is the only option available.

Is a Reverse Mortgage Right for Me?

Reverse mortgages are beneficial for older homeowners:

- With a large amount of equity relative to the market value of their home
- Who want to stay in their own home for a long time

With the right research and for the right people, the benefits of a reverse mortgage can outweigh any potential drawbacks.

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