Comprehensive Guide: Reverse Mortgages & Grey Divorce

Divorce later in life—often called a **grey divorce** or **silver divorce**—can bring unique financial and emotional challenges. For many couples, the family home represents both comfort and the largest shared asset. This guide explores how a **reverse mortgage** (Home Equity Conversion Mortgage or HECM) can provide flexible, responsible options for divorcing seniors seeking stability and independence.

1. What Is a Reverse Mortgage?

A reverse mortgage is a federally insured loan program for homeowners aged 62 and older. It allows you to access a portion of your home equity without making monthly mortgage payments. The loan balance becomes due when the borrower sells the home, moves out permanently, or passes away.

2. How a Reverse Mortgage Helps During a Grey Divorce

In many divorces later in life, one spouse may wish to remain in the marital home while the other needs their share of the equity. A reverse mortgage can make this possible by providing cash proceeds without requiring monthly payments, allowing one spouse to buy out the other or refinance into a new, manageable position.

3. Common Misconceptions

- ■ You lose ownership of your home — You remain the titled owner.
- ■ The bank takes your home — The home is only sold when you choose or when the last borrower leaves.
- ■ It's only for desperate homeowners — Many use it as a strategic planning tool during divorce or retirement.

4. Key Considerations

- Both spouses must be 62 or older to be co-borrowers.
- Divorce attorneys and HUD-approved counselors should be consulted before proceeding.
- Proceeds can be received as a lump sum, monthly payments, or line of credit.
- Taxes, insurance, and home maintenance remain the borrower's responsibility.

5. Example Scenario

After 30 years of marriage, Susan (68) and Robert (70) decided to divorce. Their home, valued at $700,000, was nearly paid off. Susan wanted to remain in the home, but couldn't qualify for a traditional refinance. Through a HECM, she accessed $320,000 of home equity, used it to buy out Robert's share, and continued living in her home without monthly mortgage payments.

Final Thoughts

A reverse mortgage can be a valuable solution for older homeowners navigating divorce. By converting home equity into usable funds, it offers flexibility, independence, and peace of mind. Before moving forward, always consult a licensed reverse mortgage specialist and legal advisor to review your options.

Disclaimer: This guide is for informational purposes only and should not be considered financial or legal advice. All reverse mortgage applicants must complete HUD-approved counseling.

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