

## Traditional vs Reverse Mortgages — Visual Guide & Comparison

This educational guide compares traditional and reverse mortgages side by side, explains fees, timelines, and borrower responsibilities. For informational use only — not a commitment to lend.

### 1) Visual At-a-Glance

**Traditional:** You build equity by making monthly payments.

**Reverse:** You convert equity into cash or a credit line without mandatory monthly principal and interest payments.

### 2) Fees & Terms Comparison

Category	Traditional Mortgage	Reverse Mortgage (HECM)
Eligibility	Income, credit, DTI, property meets guidelines	Age 62+, HUD counseling, sufficient equity
Occupancy	Primary, 2nd home, or investment	Primary residence only
Origination Fee	0–1% (varies)	Up to \$6,000 (HECM cap)
Mortgage Insurance	PMI if less than 20% down	Upfront plus annual MIP
Interest	Fixed or adjustable; paid monthly	Accrues on drawn balance
Monthly Payment	Required	Not required (taxes/insurance due)
Non-Recourse	Depends on state	Yes (HECM non-recourse)

### 3) Application Process Overview

**Traditional:** Pre-approval → Appraisal → Underwriting → Close (20–45 days).

**Reverse:** Counseling → Appraisal → Underwriting → Close → Fund (30–60 days).

### 4) Key Risks & Responsibilities

- Property taxes, insurance, and HOA dues must remain current.
- Reverse balances grow as interest accrues.
- Non-recourse protection limits repayment to home value.
- Review California-specific disclosures (NHD, HOA).

## Reverse Mortgage Services Los Angeles