



Reverse Annuity Mortgage Loans (RAM) - Private Lenders

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What is a Reverse Annuity Mortgage?

Reverse Annuity Mortgage (RAM) loans offered by private lenders in Connecticut enable elderly home owners to trade the equity in their homes for monthly or lump sum payments or a line of credit. Unlike regular home equity loans, the borrower does not make monthly payments to the lender. Instead, the lender makes monthly payments to the borrower, though lump sum loans or lines of credit can sometimes also be arranged (and the borrower will still not need to make monthly payments.) The house remains in the elderly home owner's name. He or she receives this income until death, sale of the property or the inability to live in the house for a period exceeding 12 consecutive months. At that time the home must be sold to repay the debt. If the loan balance exceeds the value of the property, the estate will owe no more than the value of the property.

Who is Eligible?

- Ages 62+, 65+, or 70+ depending on which lender is chosen
- Other restrictions

Cost:

There is interest paid on the loan; however, the interest is taken from the home equity and not from the lender during the period of the loan.

How to Apply?

RAMs involve important decisions and can be complicated. It is recommended that anyone contemplating using a RAM to generate income call the Connecticut Housing Finance Authority to consult with an information and referral specialist to explore the wisdom of taking a RAM from a private lender, at age 70+.

- It is important that homeowners consider their plans carefully and get appropriate advice from an attorney, accountant, or other reliable, professional source before making a decision.
- More information can be obtained by contacting the Connecticut Housing Finance Authority: (<http://www.chfa.org/Homeownership/for%20Homeowners/default.aspx>)
- CT Department of Housing and CT Department of Social Services educates older persons about home equity conversions and possible alternatives to home equity conversion and has information on state-approved equity conversion programs.

Further information can also be found in the "Reverse Mortgage Overview" visit the:

- Federal Trade Commission's Consumer Information on "Reverse Mortgages", <http://www.consumer.ftc.gov/articles/0192-reverse-mortgages>
- Fannie Mae's – KnowYourOptions.com , <http://knowyouroptions.com/reverse>

To Find Providers in Connecticut's Community Resources Database:

Search by service name: [Reverse Mortgage Programs](#)



SOURCES: *Connecticut Housing Finance Authority; "Reverse Mortgage Overview" posted on the KnowYourOptions.com (Fannie Mae) website*

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CONTENT LAST REVIEWED: November2018