GLOSSARY

Federal Housing Administration (FHA) - FHA is a federal agency that is a division of HUD (Housing and Urban Development). This is the government agency that monitors the HECM Reverse Mortgage program.

Housing and Urban Development (HUD) - HUD is a department of housing and Urban Development and is part of the federal government. The FHA, provider of the HECM Reverse Mortgage, is part of HUD.

National Reverse Mortgage Lenders Association (NRMLA) – NRMLA is a professional association that vets reverse mortgage specialists and provides general information about reverse mortgages to all the stakeholders.

Appraisal – Appraisal is a professional assessment of a home’s fair market value, based on various parameters. The appraisal is based on a visit to your home and comparison to other similar properties in your neighborhood.

Appreciation- The increase in your home’s value over time is called as ‘Appreciation’. A home that was purchased for Rs. 100,000 and is now worth Rs. 150,000. This home has seen a 50 percent appreciation in the value which is Rs. 50,000.

Closing- The event at which your loan papers are signed and therefore, the date on which your loan is effective (unless your exercise your right of rescission within three days).

Originator – Reverse mortgage loan originator is also called as the loan originator, or loan broker. This is the registered entity (person or organization) that arranges the loan.

Right of Rescission- It is the right to change your mind and is available with the RML borrower. A borrower has a three day right of rescission, after signing all the loan documents for a reverse mortgage loan. The three days are three business days, which include Saturdays but not Sundays. This helps a borrower to make willful exit in case he has any doubts and does not wish to continue the loan.
Counselor - As per requirement for any reverse mortgage loan, counselors lay out your options for you and on the basis of the education gives you information, advice, and assesses your candidacy for a reverse mortgage loan.

**Home Equity** – Home equity is the value of your home if you wish to sell it, minus any debts you owe on it. For example, if you own a home worth Rs. 250,000 but still owe Rs.75,000 on it, your home equity would be Rs.175,000. Your reverse mortgage loan value is based partially on your home equity.

**Title** – Title is a legal document that proves ownership of a property. If you apply for a reverse mortgage loan, your originator orders a title search to make sure no one else holds any claims to your property.