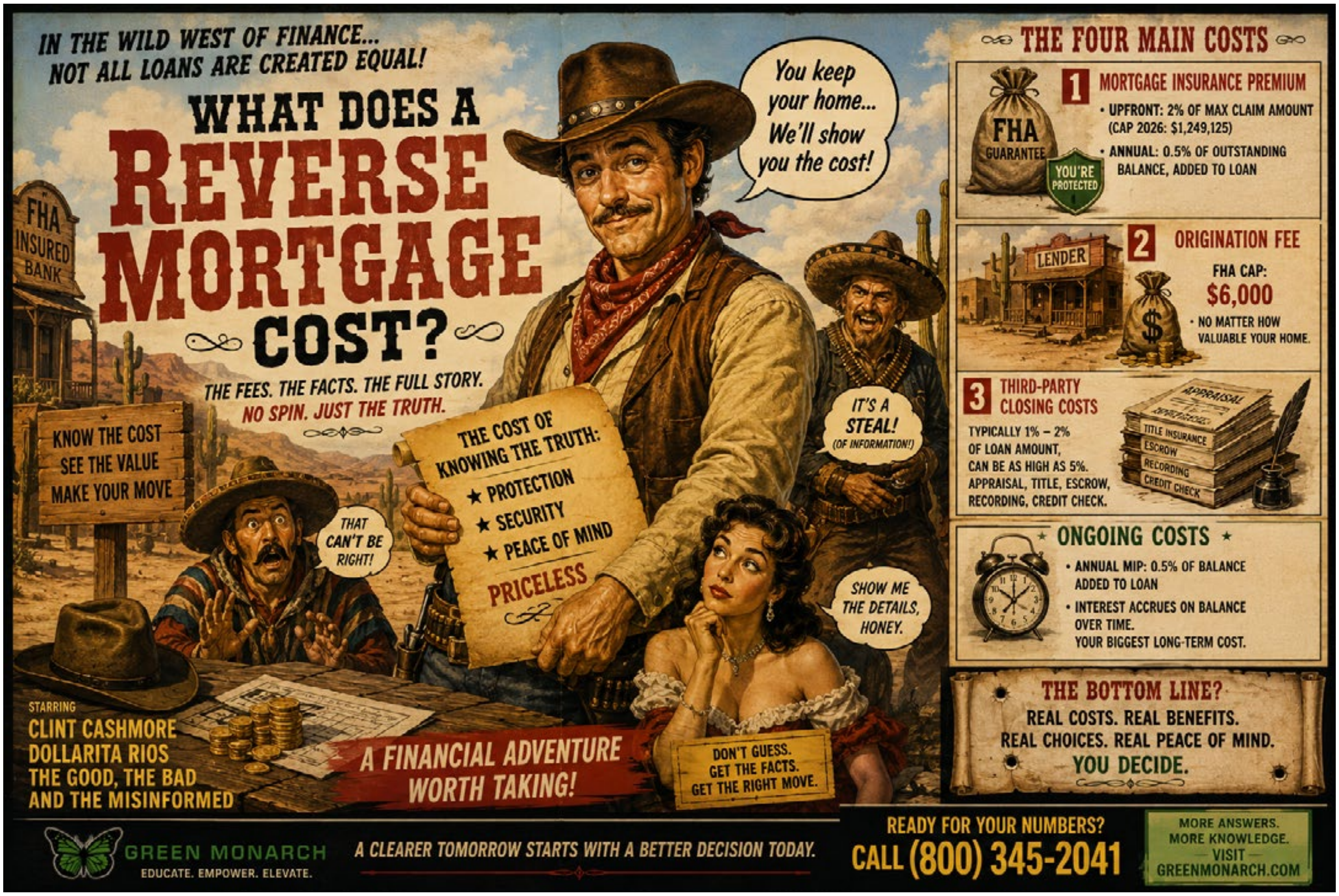

WHAT DOES A REVERSE MORTGAGE COST?

Cost is the number one reason people hesitate on a reverse mortgage, and frankly, they're right to ask hard questions. This is not a cheap product, and anyone who waves the costs away is doing you a disservice. So let's lay every fee on the table and explain what it's for.

There are four main costs:

1. Mortgage insurance
2. The origination fee
3. Third-party closing costs

Then there are ongoing costs over the life of the loan. We'll take them in order.

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(800) 345-2041 | NMLS # 2026203
1389 Calle Avanzado, San Clemente, CA 92673
GreenMonarch.com

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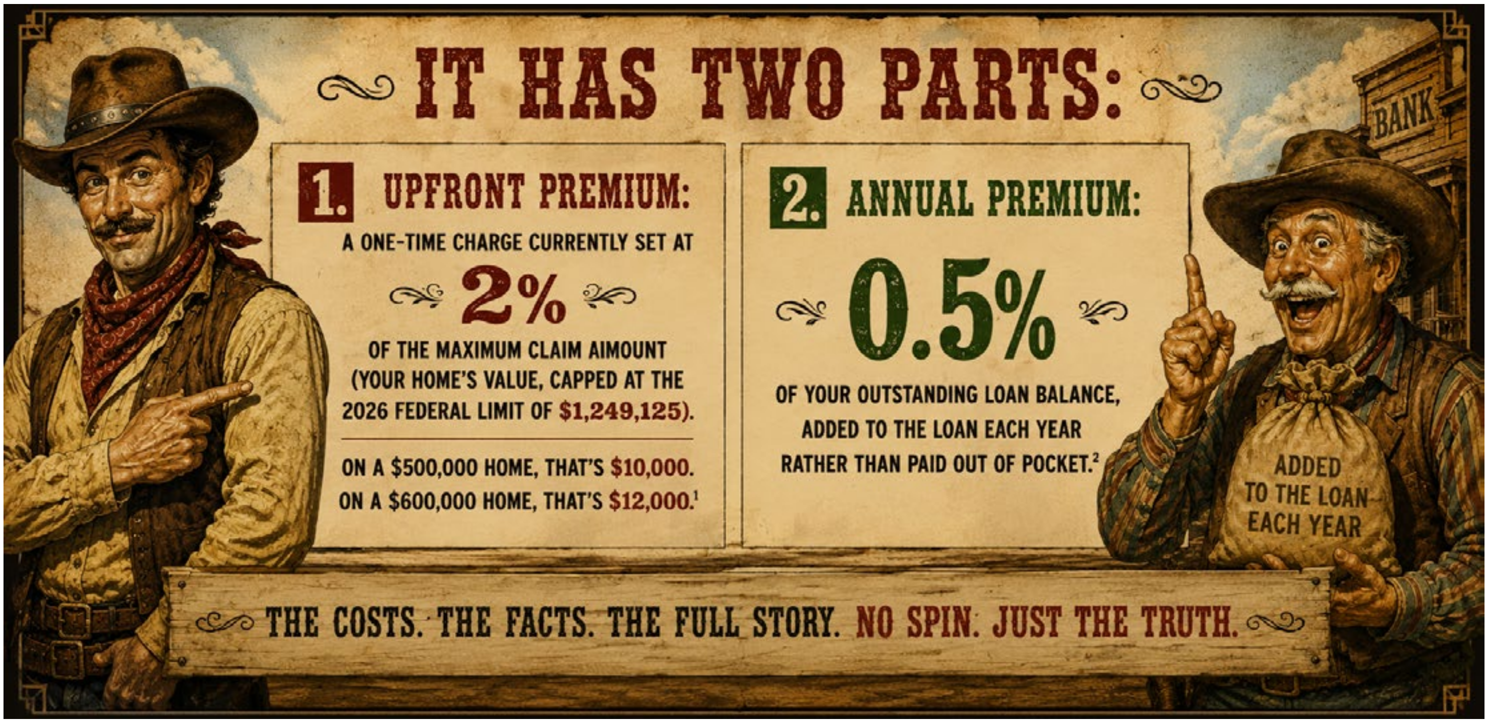
1. The Mortgage Insurance Premium

This is the one that surprises people, so we'll explain it plainly. Because a HECM is federally insured, every borrower pays into an FHA insurance fund, which makes the loan safe. It's what guarantees you'll never owe more than your home is worth, and that you'll keep getting your payments even if your lender goes out of business.

It has two parts:

1. **Upfront premium:** A one-time charge currently set at 2 percent of the maximum claim amount (your home's value, capped at the 2026 federal limit of $1,249,125). On a $500,000 home, that's $10,000. On a $600,000 home, $12,000.[1]
2. **Annual premium:** 0.5 percent of your outstanding loan balance, added to the loan each year rather than paid out of pocket.[2]

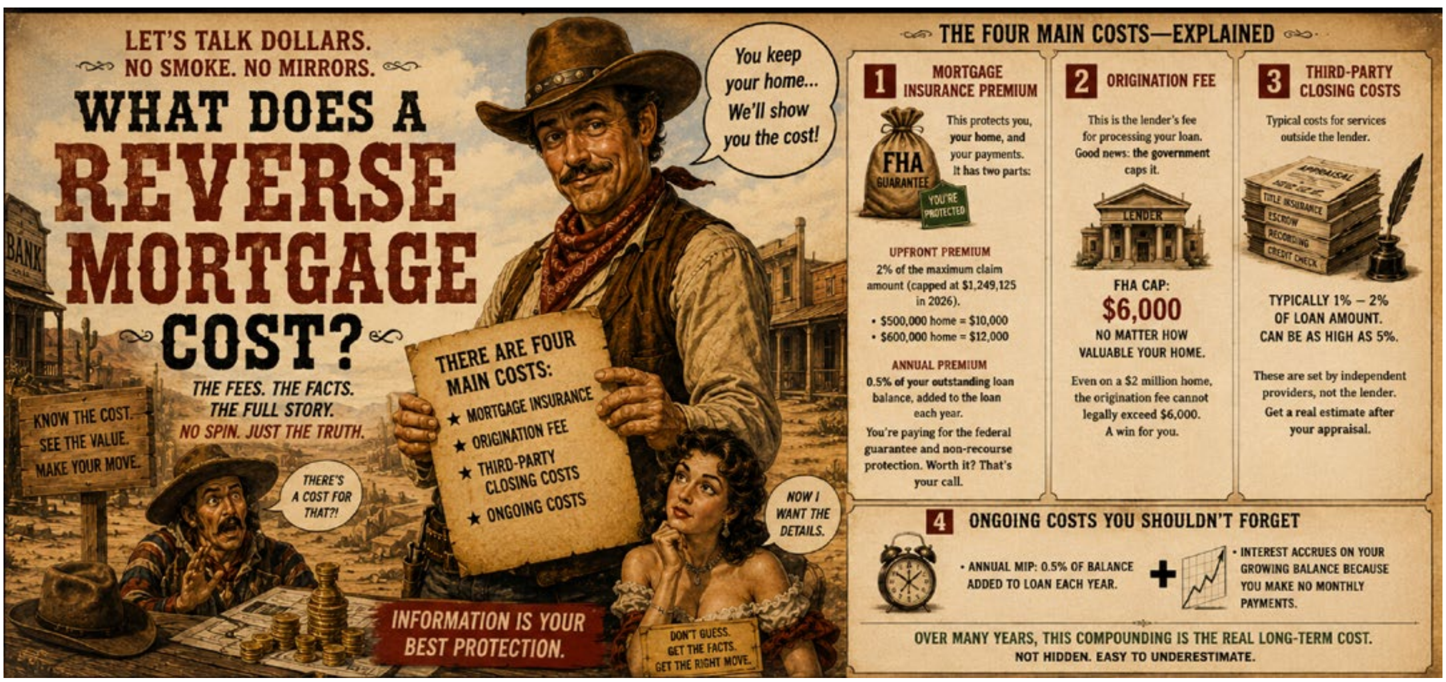


We won't sugarcoat it: this is a cost that some competing products, like a HELOC, don't charge. What you're buying with it is the federal guarantee and the non-recourse protection. Whether that protection is worth the premium depends entirely on your situation.

2. The Origination Fee

This is what the lender earns for processing the loan, and the good news is that the government caps it, so it can't run away on you. The FHA formula caps this fee at $6,000, no matter how valuable your home is.

So even on a $2 million home, the origination fee cannot legally exceed $6,000. That cap is one of the genuinely consumer-friendly features of the program.



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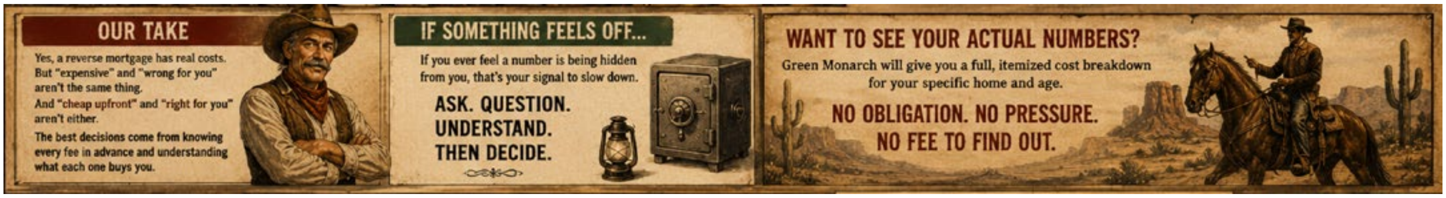
3. Third-Party Closing Costs

These are the same kinds of costs you'd see on any mortgage, paid to outside parties rather than the lender: appraisal, title insurance, escrow, recording, and credit check. They typically cost between 1-2% of the loan amount, but can be as high as 5% of the loan amount.[3 4]

One honest note: because these are set by independent service providers, neither we nor any lender controls them. Be cautious of anyone who quotes you a suspiciously precise all-in number before an appraisal has even happened.



Ongoing Costs You Shouldn't Forget

Beyond closing, the annual mortgage insurance premium of 0.5% on your balance (As discussed earlier). And the cost that isn't a "fee" at all but matters most: interest accrues on your growing balance because you're not making monthly payments. Over many years, that compounding is the real long-term cost of a reverse mortgage.

It's not hidden, but it is easy to underestimate.

Our Take

Yes, a reverse mortgage has real costs, and we'd never pretend otherwise. But "expensive" and "wrong for you" aren't the same thing, and neither are "cheap upfront" and "right for you." The borrowers who feel good about

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their decision are the ones who saw every fee in advance and understood what each one bought them.

If you ever feel a number is being hidden from you, that's your signal to slow down.

Want to See Your Actual Numbers?

Green Monarch will give you a full, itemized cost breakdown for your specific home and age; no obligation, no pressure, and no fee to find out. Call (800) 345-2041.

Still Doing Research?

Good. Keep reading through our educational library at www.greenmonarch.com, where we break down the rest of the questions without the spin.

SOURCES
1. https://themortgagereports.com/124968/understanding-hecm-fees
2. https://reverse.mortgage/hecm
3. https://www.bankrate.com/mortgages/what-are-closing-costs/#what-is
4. https://reverse.mortgage/hecm