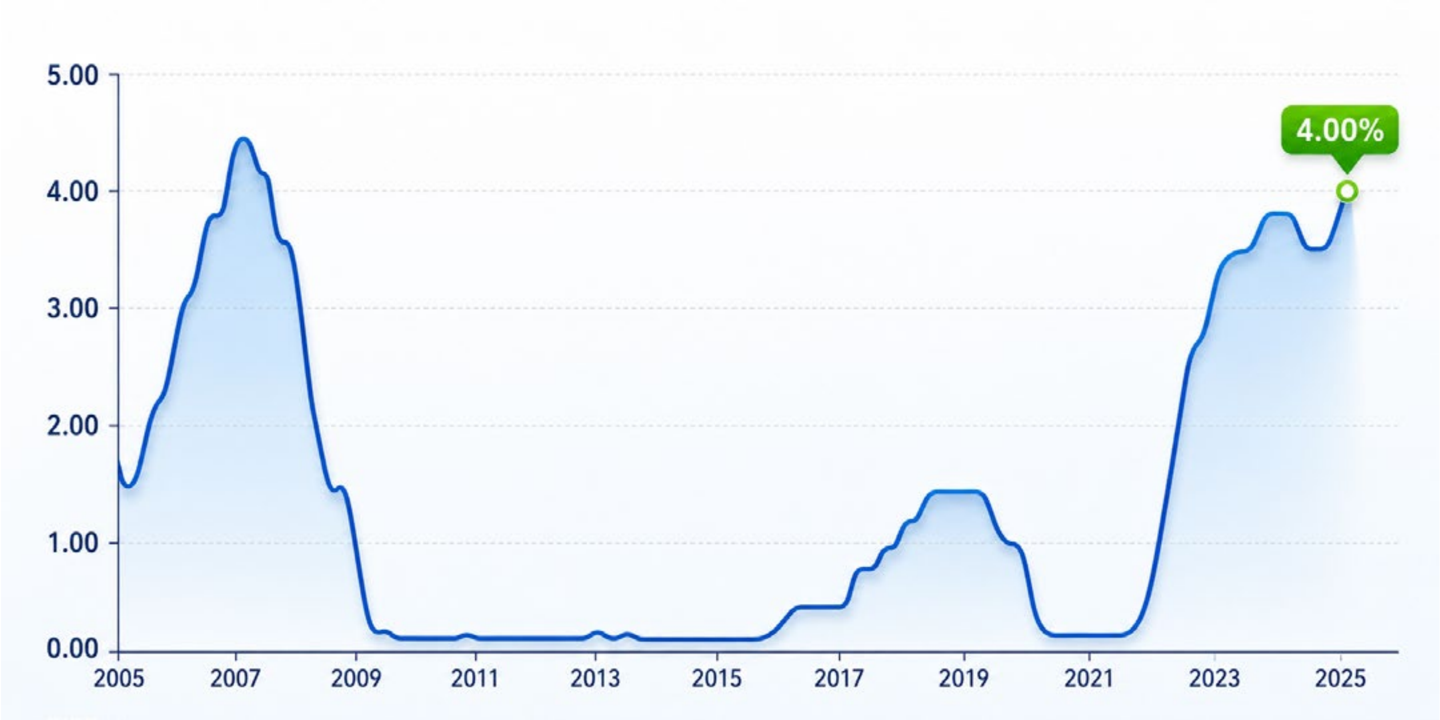
WHAT IS THE INTEREST RATE ON A REVERSE MORTGAGE?

What Is the Interest Rate on a Reverse Mortgage?

Most people expect a reverse mortgage to have one number, like a car loan or a credit card.

It doesn't.

As of mid-June 2026, adjustable-rate HECMs are running roughly in the high-5% range. But that number will have moved by the time you talk to anyone, because reverse mortgage rates are tied to the bond market and they update weekly.[1 2]



So, instead of memorizing a rate, the more useful thing is to understand how the rate is built.

Fixed or Adjustable? Start Here

There are two kinds of HECM, and the rate works differently for each.

Fixed-rate HECM:
The rate never changes for the life of the loan. The catch is significant: a fixed-rate HECM requires you to take all of your money as a single lump sum at closing. No line of credit, no monthly payments, everything at once.

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Adjustable-rate HECM:
The rate moves over time, but you get the flexible payout options, line of credit, monthly payments, or a combination. Most HECM borrowers choose adjustable rates precisely because they're the only option that allows payment-plan flexibility, letting you draw cash only as you need it and accrue interest only on what you've actually taken.[3]

The fixed rate makes sense mainly when you genuinely need the entire amount immediately.

How the Adjustable Rate Is Actually Built

Here's the part worth understanding, because it demystifies the whole thing. An adjustable HECM rate is just two pieces added together:

The Index:
A published market rate that nobody controls. It's tied to the Constant Maturity Treasury (CMT), and the rate updates every week as the bond market moves. When you hear that reverse mortgage rates "went up," what actually happened is that Treasury yields moved.[4]

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The Margin:

A set number the lender adds on top, which generally ranges from about 1.5% to 3%. Unlike the index, the margin is the part that the lender chooses, and it does not change over the life of your loan.

Add the two together and you have your rate.

That's it.

So when you're comparing lenders, the index is identical for everyone, the margin is the part actually worth shopping. A lender who won't clearly state their margin is a lender to be wary of.

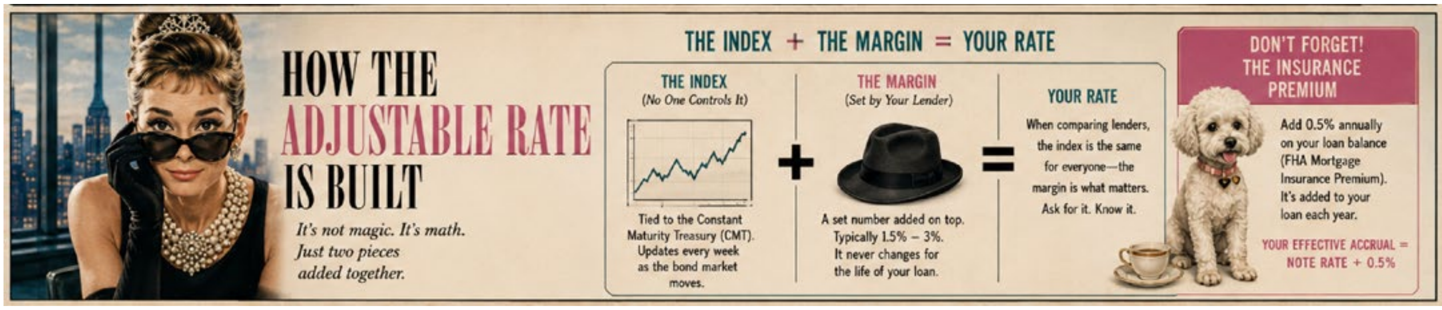
Don't Forget the Insurance Premium on Top

Being fully honest about your true cost of borrowing: the interest rate isn't the whole story. On top of whatever rate you're quoted, the FHA charges an annual mortgage insurance premium of 0.5% on your loan balance.[5]

So your effective accrual is the note rate *plus* that half percent.

Is There a Cap? Yes; and It Protects You

A fair question with adjustable rates is "how high can this go?" The answer is reassuring. HECM adjustable rates carry a lifetime cap of 5% over your starting rate.[6]



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So What Rate Will *You* Get?

We genuinely can't tell you in an article, and you should be skeptical of anyone who claims they can without knowing your details. Your rate depends on the index the week you apply, the margin your lender sets, and whether you choose fixed or adjustable. What we *can* tell you is what to compare: the margin, the expected rate, and the full picture including that insurance premium.

Green Monarch will walk you through a live, itemized rate quote for your specific situation; index, margin, expected rate, and the insurance premium, all spelled out, with no obligation. Call [(800) 345-2041](tel:8003452041)

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