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Considering a reverse mortgage? Here's what you can expect to pay

Story by Lindsay VanSomeren • 2026-1-2

Reverse mortgages can be a versatile tool in many retirees' arsenal, helping to bridge the gap when Social Security and savings aren't quite enough on their own. A chief benefit of reverse mortgages is that you can avoid the monthly mortgage payments required with other home equity financing options.

That doesn't mean reverse mortgages are without costs, however. You'll need to pay some upfront fees, as well as ongoing expenses throughout the life of your loan. But so long as you meet the loan obligations (more on those below), you don't have to pay back the reverse mortgage balance until you (or your co-borrower) permanently leave the home.

Although full repayment may be a way off, it's critical to have a clear understanding of all the costs associated with a reverse mortgage so you can accurately weigh how it will affect your overall financial plan. Here's what you can expect to pay from the application process through the life of the loan.

Fees to pay before you open your reverse mortgage

Taking out a reverse mortgage requires some due diligence on your and your lender's part, similar to taking out a traditional mortgage to buy a home. But because a reverse mortgage works differently, there are a few extra costs to consider, too.

Reverse mortgage counseling

Cost: Typically between $125 and $200, depending on the counseling agency

Home Equity Conversion Mortgages (HECMs), the most common type of reverse mortgage, follow strict guidelines set by the Federal Housing Administration (FHA) to protect lenders and borrowers.

You'll notice this aspect from the very start, because you'll need to complete a reverse mortgage counseling session as part of the HECM application process. (The Department of Housing and Urban Development (HUD) has a list of approved counseling agencies.) In the session, you (and any co-borrowers and/or family members who'd like to join) meet privately with a trained counselor who'll explain exactly how a reverse mortgage works. They can answer questions you have, and even provide some unbiased input on your specific situation.

Although you'll need to pay this fee on your own at the beginning of the process, don't stress about it too much. Only nonprofit agencies are approved by HUD to provide counseling, and many receive grant funding to offer free counseling to those with limited financial means..

Reverse mortgage closing costs

Cost: Varies depending on home value but often between 2% and 5% of the loan amount.

A reverse mortgage comes with many closing costs, similar to those tied to other home lending products, like mortgages and home equity loans. With a reverse mortgage, you can choose to pay these charges upfront or have them added into your loan balance. But keep in mind that if you finance the closing costs into your loan, it'll eat into your approved loan limit and you'll have less access to money you can borrow later. It can also cause your loan balance to increase faster.

The exact closing costs for a reverse mortgage can vary depending on where you live, the requirements for your loan and the value of your home. Some fees are required as part of the HECM program, like the mortgage insurance, whereas others can be waived by the lender. In general, here's what you can expect to pay, according to the Consumer Financial Protection Bureau:

- **Origination fee:** Up to $6,000 for HECM loans.
- **Upfront Mortgage Insurance Premium (MIP):** 2% of your principal limit (i.e., the max you can borrow)
- **Home appraisal:** Varies by location but often between $450 and $600 (note that this usually is not rolled into the loan)
- **Credit report:** $50
- **Flood certification:** $20
- **Document fee:** $150
- **Recording fee:** $500
- **Courier fee:** $50
- **Title insurance:** $1,000
- **Pest inspection:** $100
- **Survey fee:** $250

Fees to pay after you take out your reverse mortgage

After you've secured a reverse mortgage, you'll need to prepare for some ongoing expenses, as well.

As with closing costs, you can generally roll these expenses into the loan itself, although this will cause your balance to grow faster, leaving less money available later on. Some expenses aren't related to your mortgage directly, but they are out-of-pocket costs you'll need to consider in order to uphold the conditions of your reverse mortgage.

Annual Mortgage Insurance Premium (MIP) (only for HECM loans)

Cost: 0.5% of your outstanding loan balance per year

The longer you stay in your home (a good thing, let's be clear), the more your loan balance will grow. At some point, it's even possible that your reverse mortgage balance could grow larger than your home is actually worth if interest accrues faster than your home appreciates. If that happens, you (or your heirs) won't ever need to worry about paying back more than your home's actual value because reverse mortgages are non-recourse loans.

That's because your lender is covered by FHA insurance for the difference between your loan balance and your home's actual value. That's why you paid a mortgage insurance premium upfront, and continue to pay it, added to your loan balance. The longer you stay in your home, the greater the odds of your lender needing to use that insurance to cover any gaps between your loan balance and your home's value.

Interest

Cost: 3.5% to 8.0%

Reverse mortgages also charge interest, which is added to your loan balance. This is a lender-imposed charge, and it's one of the main reasons why it's a good idea to shop around for reverse mortgage options before applying. If you choose a lender that charges a lower interest rate, your loan balance will grow at a slower rate over time, leaving more left over later on.

The range above is an example based on averages over the past few years. Your personal rate, though, will depend on the rate environment when you take out the loan, as well as factors like your age, loan type, home value and loan disbursement choice.

Servicing fees

Cost: $30 to $35 per month

While you're comparing interest rates, you should also check whether a lender charges service fees. Some lenders add these to your loan balance each month. These fees help pay for the lender's cost of doing business, such as mailing out loan statements and processing cash payments to you.

Payment plan changes

Cost: $20 to change payment plans

You can currently choose between three options for receiving your funds when you establish your reverse mortgage: a lump-sum payment, a line of credit or monthly installment payments. (You can also choose a combination of those methods.) Over time, your situation might change, and you might decide that a different payment method works better for you. If that's the case, lenders may charge you a small fee of up to $20 to institute this change.

For example, let's say you've been receiving a monthly installment payment, but you recently inherited some money and now no longer need it. You could opt at this point to switch to a line of credit instead, so that you retain the ability to borrow again in the future if needed.

Property taxes, insurance and home maintenance

Cost: Variable

Aside from not having to make monthly mortgage payments, one of the biggest benefits of a reverse mortgage is the option to roll most of your fees into the loan, too. For cash-strapped retirees, that's a major perk.

But there are some expenses you'll need to pay as a condition of the loan in order to remain in good standing. It's wise to have a plan for how to pay these in advance, because if you fall behind, your lender can call the loan due or foreclose on your home. Here are the expenses you'll need to keep up with:

- Property taxes
- Homeowners insurance
- Flood insurance (if required)
- Homeowners association fees
- Home maintenance (enough to keep your home in "good repair")

The cost of these vary greatly based on where you live, but the total can add up. As of 2025, these "hidden" costs of homeownership top $15,000 a year, on average, according to Zillow. The biggest share of that is a bevy of maintenance tasks. Even if you can cut back on some more elective maintenance items, like full-time lawncare, insurance premiums and property taxes typically increase over time, and so you'll want to be sure you've considered how you'll afford these.

Luckily, if you've already had a mortgage before, these are mostly expenses that you're already used to paying. Plus, these costs ensure that your home remains comfortable and safe for you and whoever else comes next.

If you're concerned about being able to afford the ongoing property costs, you can choose to use a Life Expectancy Set-Aside, or LESA. With a LESA, there's a pool of funds from your reverse mortgage proceeds set aside to pay for property and insurance changes through the life of the loan. (Note that borrowers who have limited financial resources may be required to use a LESA to qualify for a reverse mortgage.)

Summary of reverse mortgage fees

Reverse mortgage fees do add to the total cost of the loan. But some fees can be negotiated or waived altogether, and most can be paid directly through the loan proceeds, which minimizes the upfront, out-of-pocket costs tied to a reverse mortgage. As with most financial products, your individual price tag will vary based on your lender and your financial situation.