

Is A Reverse Mortgage Right for You?



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Although the term “reverse mortgage” may conjure up some pretty acute anxiety, it’s actually a pretty basic financial concept and, in a good number of cases, can be of great benefit to our country’s seniors. Like anything of significance (especially in the financial arena), one *must* consult with a trusted, professional advisor who can assist you in your decision-making process.

When you *clear away all of the varnish* (i.e. looking beyond the celebrity status of nostalgic T.V. ‘pitchmen’ that appear during your favorite shows), a reverse mortgage is essentially a home-equity loan that enables those with enough principle in their residence to convert part of that well-earned equity into cash. Even though it sounds very similar, a reverse mortgage is unlike a traditional *home-equity loan* or a *second mortgage* in one major sense – as the house is your *primary domicile*, reverse mortgage borrowers aren’t required to repay the loan until the residence is no longer being used.

HUD (U.S. Department of Housing & Urban Development) issues a booklet called *Use Your Home to Stay at Home*, says, “This kind of loan plan (reverse mortgage) can provide increased financial security for seniors, who can use the funds for a host of purposes, including supplementing Social Security, making home improvements, paying bills and dealing with unexpected medical costs.”

And if your situation permits, it’s certainly an excellent way to make sure you can remain in your home, on your terms and on your timetable.

To be eligible for a reverse mortgage, you must be at least 62 years of age and either own your home outright (again, you *must* live there) or have a mortgage balance of 60% (typically) or less. Favorable credit factors in as well. But there are no income requirements, as there are no payments required on the mortgage. And if moving forward with a reverse mortgage, a course offered by the Federal Housing Administration (FHA) is mandated.

There are a number of factors that seniors could take into account when investigating a reverse mortgage – most notably, the upfront costs could be prohibitive and the details can at times can *read like stereo instructions*. Translation: The contracts can be quite complicated, in regards to verbiage, so seek professional advice if needed.

Although there’s no question that it’s not for everybody, a reverse mortgage is one of several means to leverage the hard-earned value of your home for you and loved ones.

Keeping the promise,



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