Does a reverse mortgage make sense for you?

The best way to determine that is through a one on one consultation with a qualified mortgage professional. Some questions to consider: How long do you intend to stay in your home? Are there opportunities to put the value stored in your home to better use, i.e. invested at a higher rate of return than the interest rate on the loan?

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An experienced and knowledgeable mortgage professional can help you answer these question and more by discussing with you your unique situation. As with any important decision, it's important to make an educated choice.

Contact **Sterling Campbell** of **Citiline Mortgage Company** today for your free consultation.

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Reverse Mortgages

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Another Option for Seniors

What is a Reverse Mortgage?

A reverse mortgage is a loan secured by your property, just like a regular mortgage. The difference is that you don't have to make any payments as long as one of the borrowers continues to live in the house. The principal can be paid to you over time, in installments if you wish or in a lump sum. Interest accrues on the outstanding balance, but the lender can never recover more than the value of the home. Your risk is fixed, the bank's is not.

Varieties

Depending on the type of reverse mortgage, you may receive equal monthly payments for a fixed amount of time. You may receive equal monthly payments for as long as at least one borrower lives in the home. You may receive a line of credit up to a fixed amount, which can be used like a checkbook or credit card. You may also arrange a line of credit in addition to equal monthly payments. There are also a variety of interest rate options. Your mortgage professional can explain these options in detail.

Who is eligible?

To qualify for a reverse mortgage, the borrower must be at least 62 years of age. There are no minimum income or credit requirements. For most reverse mortgages, the money can be used for any purpose; however, the borrower must pay off any existing mortgage(s) with the proceeds from the reverse mortgage. A pending bankruptcy that has not been finalized may slow the process, but is not

a disqualifier. Before borrowing, applicants must seek free financial counseling from a source that is approved by the Department of Housing and Urban Development (HUD). The counseling is a safeguard for the borrower and his/her family, to make sure the borrower completely understands what a reverse mortgage is and how one is obtained.

Advantages

A reverse mortgage can supplement your income while allowing you to remain in your home. The proceeds are not taxable since they are a loan and not income. In most cases, proceeds may be used for whatever purpose you deem appropriate, whether it be retirement income, health care, travel, home improvement or spoiling the grandchildren.

How/When is the loan repaid?

If you and your spouse are co-borrowers and one of you moves or passes away, the loan is still not payable as long as one borrower continues to reside in the home. In the event both or a single borrower passes away, the estate has one year in which to sell the house and repay the balance including interest, or refinance. Again, the estate is only liable up to the value of the house. If the house value declines below the balance of the loan plus interest, the lender takes the hit, not the estate. In the event the borrower(s) moves out or sells the home, the loan becomes payable immediately. Any proceeds above the balance owed on the loan are retained by the seller.

Cost

Typically, the interest rate on a reverse mortgage will be less than on a traditional mortgage. Closing costs and other fees can usually be included in the principal amount of the loan. Lenders are required by Federal law to fully disclose all of the proposed costs of the loan over the life of the loan.

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