

Does a Reverse Mortgages Fit Your Budget?

Many older Americans facing retirement want to find a way to increase their monthly income. Today, more than ever before, there are new and innovative homeownership options that can help seniors optimize cash flow and promote peace of mind.

One option, the federally-insured, variable Home Equity Conversion Mortgage (HECM) enables seniors to borrow against the equity in their home without repaying the debt for as long as they live in the house. That's the "reverse" part of this kind of mortgage loan. Instead of making monthly payments, you can opt to receive them.

When you take out a reverse mortgage, nothing happens to your home. You remain the owner for as long as you live there, and you will never be forced to move. If you decide to sell or move from your home, the outstanding balance of your reverse mortgage would become due, just as it would with a traditional mortgage. Unlike a traditional mortgage, however, your balance can never exceed the value of your home when you sell it.

To be eligible for a HUD reverse mortgage program, HUD requires that the homeowner live in the home as his or her primary residence, be at least 62 years of age or older and own the home free and clear, or only have a low remaining mortgage balance that can be paid off at the closing with proceeds from the reverse loan.

You can get additional information on reverse mortgages at AARP and HUD:

<http://www.aarp.org/money/revmort/>

<http://www.hud.gov/offices/hsg/sfh/hecm/rmtopten.cfm>

And as a key consumer protection, all borrowers are required to participate in a free educational session with a HUD-approved counselor in order to determine if a reverse mortgage is the best option.

Ted Trakas