

What is a Reverse Mortgage?

By Steven Moline

Many people have heard about Reverse Mortgages, but not all have taken the time to fully understand what they are and how they can benefit senior homeowners. What you have heard may not be true, so here is some straight talk on Reverse Mortgages.

A Reverse Mortgage is a loan that enables homeowners 62 or older to borrow against the equity in their home, without having to sell their home, give up title, or take on a new monthly mortgage payment. The borrower will never, under any circumstances resulting from the Reverse Mortgage, be forced to leave their home providing they make their real estate property tax and insurance payments.

How does a Reverse Mortgage work?

A Reverse Mortgage uses the equity in the primary residence to pay the borrower cash they can use for any of life's needs. The loan is in reverse meaning that the lender pays the borrower instead of the borrower paying the lender, and the older the borrower is the more money they can qualify for. Borrowers can receive any combination of a lump sum, a line of credit, a monthly amount for a specific term, or a monthly payment in tenure (for the remainder of their life). The loan is due and payable when the last borrower dies, sells the home or permanently moves out. The loan is non-recourse, meaning they will never owe more on the loan than the value of the home. The borrower(s) retain title and the same rights of inheritance just as on a traditional forward mortgage.

How much am I entitled to receive through a Reverse Mortgage?

The amount you are entitled to receive is based on the value of your home, your age and current interest rates. A qualified Reverse Mortgage Consultant can calculate your benefits.

What are the eligibility requirements for a Reverse Mortgage?

All homeowners over the age of 62 who occupy their home as their primary residence are eligible. (rental properties and vacation homes do not qualify)

Will Reverse Mortgage payments affect my Social Security or Medicare benefits?

No. Reverse mortgage proceeds will not affect eligibility for retirement, survivor, disability, or Medicare benefits payable under the Social Security Act. A Reverse Mortgage is a mortgage loan.

Do I have to pay tax on the money I receive?

No. As with any home equity loan, the money you receive is not considered taxable income by the IRS.

“Is a Reverse Mortgage right for me?” is a question you should not take lightly. Take your time. Read the documentation. Most of all, ask questions from someone you trust.

Steven Moline is a Reverse Mortgage Consultant with First Priority Financial serving all of California. For more information, to ask questions or to receive a complimentary brochure contact him toll free at 866-885-5573 or on the web at http://www.RoyalReverseMortgage.com/Contact_Steve.htm