

## What is a Reverse Equity Mortgage?



It's the opposite of a traditional mortgage. Instead of you paying a mortgage payment to a mortgage company.....the mortgage company makes the payment to you every month. The loan amount is based on the current equity in the home, which is the difference in the market value and any mortgage attached to the the home is sold.

property. The loan is paid off when

You will not have to pay income tax on the monthly payments made to you. This is tax-deferred income, as interest will only have to be paid when the home is sold or the loan is paid off.

No re-payment will be required as long as the senior citizen lives in their home. But there are a couple of rules to remember – The loan will be due and payable in the event (1) the home is sold, (2) the homeowner moves out for longer than a 12 month period, or the homeowner dies. At that time, accrued interest must be paid in full.

This type of mortgage must be recorded as a first mortgage. And if the current loan balance is less than 50% of the market value, this balance can be incorporated into the reverse equity mortgage.....which means that the senior citizen will possibly be relieved of their present house payment.

### Who is eligible for a Reverse Equity Mortgage?

The borrowers (or co-borrowers) must be at least 62 years old.....with no current bankruptcy. The loan is on the home, so income or credit score doesn't matter. There is no personal liability for repayment of a reverse equity mortgage.

### Homeowners Have a Choice in How They Receive The Money

The proceeds from this type of loan can be distributed in the following ways:

- Lifetime monthly income
- Lump sum for any purpose
- Credit line for future borrowing

There are a few major reverse mortgage lenders and they all have different programs, but all will have the following criteria to determine how much cash the homeowner can obtain.

- The adjustable interest rate at the time the mortgage is originated.
- The age of the youngest homeowner
- The market appraisal of the home
- The lenders maximum loan limit

If you want to compare the different plans for your personal situation, please visit <http://www.FinancialFreedom.com> . Just enter your information and quickly know how much you could borrow. Then if you decide that this type of mortgage is for you, go to <http://www.reversemortgage.org> for more information and the location of a reverse mortgage lender in your area.

**It's always best to compare the different plans....and be sure to consult with your attorney, financial or estate planner, accountant and any adult children when considering this type of plan.**

Your home can truly be a "nest egg" in your senior years!

## Questions:

### **Do My Heirs Lose their Interest in the Home?**

No, they have the choice to either sell the home and pay off the mortgage, or they can keep it by simply refinancing the mortgage. Any remaining equity is theirs to keep or distribute as they wish..... or as your will stipulates.

### **What if my spouse is younger than 62?**

An easy way to handle this is simply to have the spouse quitclaim their interest in the home over to the senior citizen. Consult your attorney for more possible options.

### **Will this affect my Social Security benefits?**

The reverse mortgage should have no affect on social security, pensions or Medicare. However, if you receive SSI or Medicaid welfare assistance, you should check with your local government authority before obtaining a reverse mortgage. Visit <http://www.eldercare.gov> for more information.

As always, please [contact us](#) for more information. We look forward to hearing from you!



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