

## Reverse Mortgages

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- Is a reverse mortgage the best option vs. a sale?
- Are my children able to assist me?
- Are my heirs concerned and informed about my decision to do a reverse mortgage?

The best way to decide if a reverse mortgage is for you is to compare it to the alternatives of selling your home or receiving financial help from elsewhere. Alternatives need to be explored, and may include re-financing or downsizing.

### Myths and Misconceptions about Reverse Mortgages

**Myth #1: The lender will take ownership of your home.**

False - You and your family or your estate continue to retain ownership of your home even after obtaining a reverse mortgage. The lender does not take control of the title. The lender's interest is limited to the outstanding loan balance.

**Myth #2: The reverse mortgage requires that I make monthly payments.**

Not True - There are never monthly mortgage payments with a reverse mortgage. The borrower is responsible for payment of property taxes, insurance, and general upkeep of the home and nothing more.

**Myth #3: My children will be held responsible for repayment of a reverse mortgage.**

False - The reverse mortgage is a non-recourse loan. This means that the lender can only derive repayment of the reverse mortgage loan from the proceeds of the sale of the property. Even if a catastrophe strikes and the value of the home is reduced, you or your estate can never owe more than the value of the home. Although your heirs will not be responsible for repayment of the loan, they will have the option of repaying the loan and keeping the house for themselves.

**Myth #4: You need a certain level of income, credit, or health to qualify.**

False - A reverse mortgage has no income, credit, or health requirements.

**Myth #5: To qualify, my home must be debt free and paid off "Free & Clear." Not True** - You may have an existing mortgage or other debt on your home. The mortgage or debt, however, must be paid off first with the proceeds of the reverse mortgage. In fact, many people get a reverse mortgage just for this reason: to get rid of their monthly mortgage payments forever.

**Myth #6: Reverse mortgage lenders just want to sell your house.** False - Reverse mortgage borrowers may remain in the home for as long as they wish. However, should they decide to sell the home for any reason, the loan would then become due and payable.

**Myth #7: If I do a reverse mortgage, I will have nothing for my kids.** False - "Retained Equity" is a very important concept to grasp. Realize that your property will continue to appreciate (the whole value of the estate) and you pay interest on only the smaller amount borrowed. Please consult a reverse mortgage advisor for amortization tables that might apply to your specific situation.

**Myth #8: If I get a reverse mortgage, I cannot sell my home.**

False - If you decide to sell your home, the reverse mortgage is like any other loan that must be paid off at closing. There are no restrictions on prepayment or penalties for paying off your loan or selling your home.

**Myth #9: If my lender changes, my loan terms can change.**

Not True - A reverse mortgage is secured by two Deeds of Trust. Once executed, the terms are defined and cannot be changed as long as the deeds remain in force.

**Myth #10: My Social Security, Medicare/Medicaid benefits will decrease.**

Not True - Generally the money from a reverse mortgage is considered borrowed money and not income. For some programs, monthly draws must be spent and not accumulated, but for most, the money is not considered disqualifying. Please consult with an advisor or your local Agency for Aging for your specific situation.

FOR MORE INFORMATION CONTACT CLARK HARVEY @ (801)562-9100 or on the web [www.clarkharvey.com](http://www.clarkharvey.com).

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