

# LEGAL EASE



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## **A reverse mortgage can provide seniors financial security**

Many Americans have invested in a home, hoping to stay there for the rest of their lives. Sometimes, though, after retirement, the money saved during a lifetime of working does not seem to be lasting as long, or providing as well as was hoped for. People are living longer, inflation has taken its bite, providing for health care or medications may have depleted the nest egg. For some people, it comes down to having insufficient income or resources to be able to stay in their homes. A reverse mortgage can provide seniors with increased financial security without the need to sell their homes.

A reverse mortgage is a special product that enables persons who are at least 62 years old to convert some of the equity in their home to cash. No repayment is required until the home is no longer the borrower's principal residence. Any proceeds are not considered income, so Social Security or other benefits will not be affected. The cash options include a lump sum payment, or fixed monthly cash advances, or a line of credit, making the cash available only when it is needed.

For someone who is able to remain at home, and is looking for extra cash to insure that staying home is an option, this can be a potential investment. The homeowner retains ownership, and does not have an additional monthly bill such as a traditional mortgage or a traditional home equity loan would require. The money can be used for any purpose, such as maintenance needs for the house, including property taxes, or to supplement income, or to pay off debts. It can even provide the cash needed to pay for in-home healthcare if desired.

Interest accrues on the loan, and pay off is due when the property is no longer considered the borrower's principal residence. The reverse mortgage must be paid in one payment, either from the sale of the home or from other resources.

This type of mortgage product is not for everyone. There are fees and costs involved which might not make this the most attractive option for all. It is very important that potential borrowers research these products thoroughly, and discuss all options with trusted financial and legal advisors. There may be other options and potential solutions to meet your particular financial needs.

The most important part of this process is to make an educated and informed decision. Involve children or other family members in the process to be sure that this is the best solution to your financial situation. This is not free money, just a chance to potentially make the equity in your home work for you while you are still able to enjoy it.