

Foxboro Consulting Group, Inc. (“FCGI”) Blog Post

How to Know if a Reverse Mortgage is Right for You

We’ve all heard the phrase “reverse mortgage,” but a surprisingly small population actually knows what it entails. So, how does the average person know if they would benefit from a reverse mortgage? At [Helping Hands Community Partners Inc.](#) (HHCP), a 501(c)(3) nonprofit organization, they take pride in employing some of the most experienced reverse mortgage Loan Officers in the country. Additionally, they work to educate their communities on homeownership with the goal of helping as many people as possible achieve their dream of owning a home. Today they’re here to help clear some of the confusion around reverse mortgages.

Let’s break it down: A reverse mortgage is a government-insured agreement in which a homeowner lets go of equity in their home in exchange for regular payments.

This particular type of mortgage has become a credible option to remain financially independent during retirement, as the equity can be turned into tax-free cash which can supplement retirement income.

Now, here's some fundamentals regarding a reverse mortgage:

How old do you have to be to qualify?

At least one borrower must be at least 62-years-old. A spouse under 62 is allowed and, subject to guidelines, would be allowed to remain and own the home if the older spouse predeceases.

How much money is available?

It varies case by case. Factors such as age of the homeowner(s), property value, balance(s) of any existing mortgage(s), income and credit history all play into this final dollar amount.

Article provided by:

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Must I make a monthly payment?

Unlike conventional mortgages that require a monthly payment, a reverse mortgage gives you the option to never make a monthly mortgage or interest payment thereby increasing your monthly cash flow. However, you are required to remain current on property taxes, homeowner's insurance, and any other property charges.

How is a reverse mortgage paid back?

The most common way a reverse mortgage is paid off is to sell the home while the borrower is alive, or upon their passing with any profit retained by the borrower or the estate. Additionally, heirs may choose to retain ownership of the home by paying off the reverse mortgage with other assets.

Are reverse mortgages expensive?

They are typically more expensive than a conventional loan, however, they are much less expensive than moving. Each situation is unique, but in many, if not most cases, a reverse mortgage is the best option for those over 62-years-old.

Will I lose my home?

With a reverse mortgage, you retain full control and ownership of your home. You may sell your home at any time with no prepayment penalty and any profit is yours.

How can I receive reverse mortgage proceeds?

There are three ways. You have the options to receive cash when the loan closes, a monthly distribution, or access to a line of credit that is guaranteed to grow over time. Additionally, a combination of the three is also an option.

Will I qualify if I currently have a mortgage?

There is no requirement for your home to be free and clear.

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At Helping Hands Community Partners they are happy to help answer any questions you might have regarding whether or not a reverse mortgage is right for you.

Feel free to give [Helping Hands Community Partners Inc.](#) a call at 888-681-2299, or visit their website at www.hhcp.org to learn more.

You can also obtain their free “**How to Use Your Home to Stay at Home**” 36-page information book with approved U.S. Department of House & Urban Development information for basic information regarding reverse mortgage. Please email info@hhcp.org for this free guide.

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