

SHOULD YOU GET A REVERSE MORTGAGE ON YOUR HOME?

Understand who benefits from reverse mortgages and why, so you don't get stuck under one.



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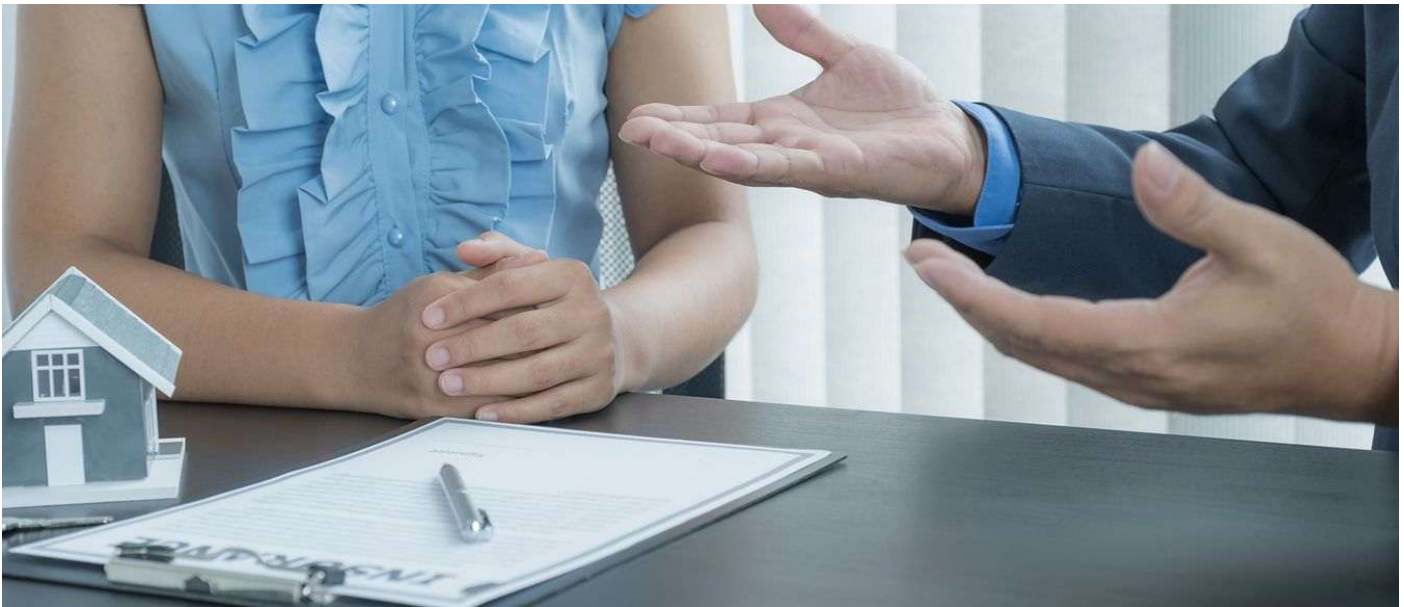
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Reverse mortgages can be a confusing concept. Many people assume a reverse mortgage is a scam, a waste of time, or an outrageously unwise decision. But if you know what you're doing, this isn't the case. For some folks, a reverse mortgage can be a helpful financial decision.

To consider a reverse mortgage, you'll first need to learn how they actually work. Then, talk to your financial advisor to see if a reverse mortgage is a realistic option for you and your family.



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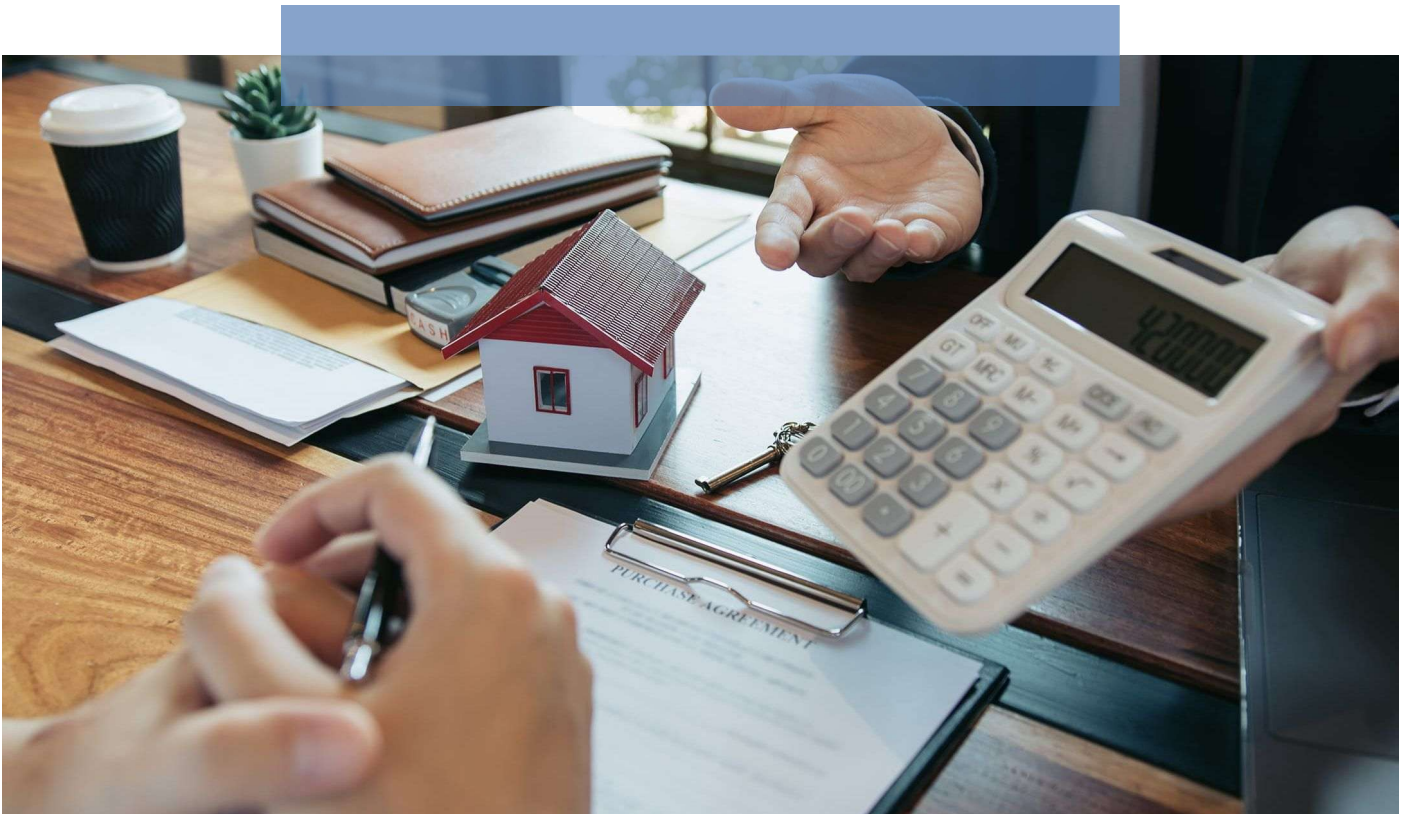
HOW DO REVERSE MORTGAGES WORK?

Homeowners over the age of 62 can take advantage of their equity by getting a reverse mortgage. What does this mean?

With a traditional mortgage, you take out a loan to buy a home. The goal is to pay off your mortgage fully within 15 or 30 years. Once paid, you have a good amount of equity. You can choose to live in this home for the rest of your life, pass it on to your heirs when you die, or sell your home and reap the profit.

With a reverse mortgage, a senior homeowner can choose to not pay monthly mortgage payments, or receive portions of their equity early in the form of cash/credit. It's taking out a loan against your home which lowers your overall home equity while increasing the amount of money you owe on your home.

People do this to receive a large amount of money or line of credit they might need. The full loan balance isn't due until you move away, die, or permanently sell the home.



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WHO QUALIFIES AND BENEFITS FROM REVERSE MORTGAGES?

To qualify for a reverse mortgage loan, one must:

- ✓ **Be 62 years of age or older**
- ✓ **Use the loan for their primary residence**
- ✓ **Already have their mortgage paid off, or a low withstanding mortgage balance at the time of applying**
- ✓ **Agree to save enough ongoing funds from the reverse mortgage to pay specific housing charges**
- ✓ **Have a home that meets property standards provided by the lender**
- ✓ **Discuss finances and eligibility with a HUD counsel agency**

A reverse mortgage would most benefit:

- 👍 **Older seniors who will not use as much of their equity in the remainder of their lifetime**
- 👍 **Those who have most of their net worth tied to their home**
- 👍 **Someone who does not plan to leave their home in their lifetime**
- 👍 **Those who need cash but no longer have substantial income**
- 👍 **Couples who have their mortgage already paid off in full**
- 👍 **One who can make monthly payments and keep up with interest rates**



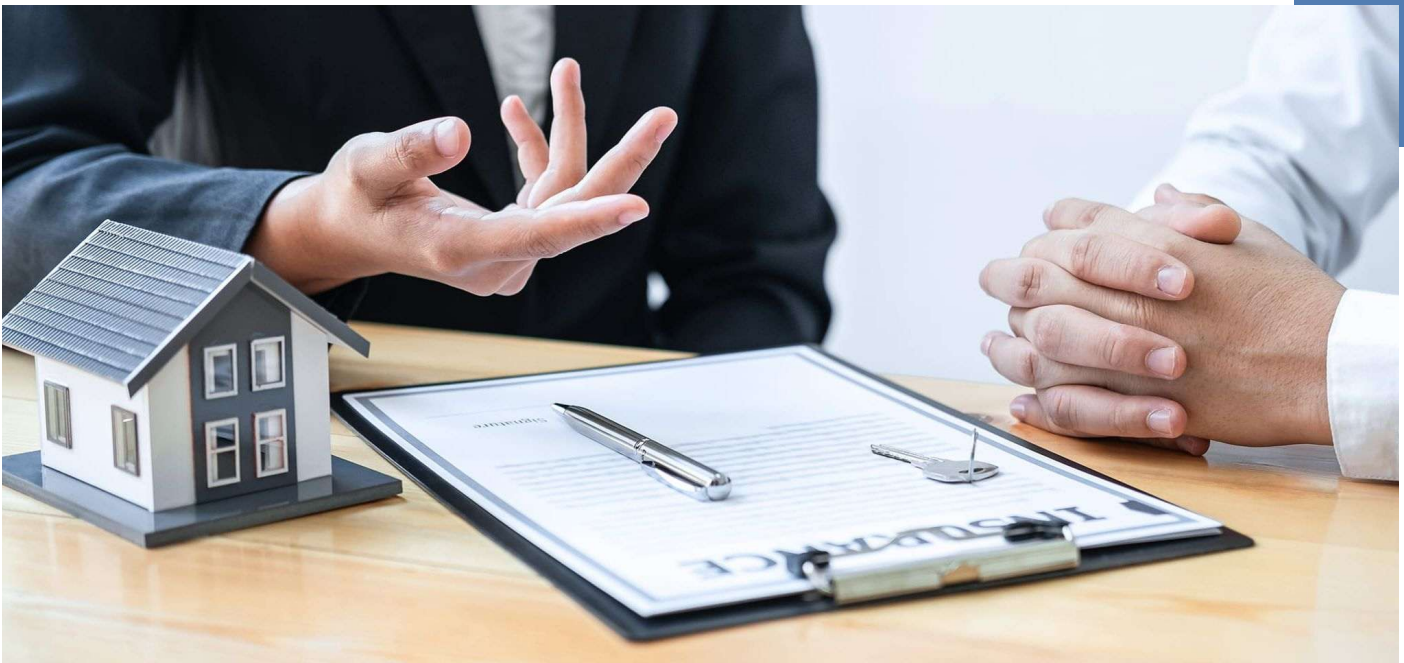
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THINGS TO BE AWARE OF

- Reverse mortgages can be complicated. Be careful of scammers who try to trick people into reverse mortgages. Always talk to a trusted financial advisor about your options before making major decisions.
- To get the most out of a reverse mortgage, you ideally already have your mortgage paid off or lowered significantly.
- You will likely owe more money over time because of interest.
- You're still responsible for other home costs (utilities, maintenance, property tax, etc.).
- Interest rates can fluctuate depending on the financial market.
- A reverse mortgage potentially uses up your home's equity. This means it could affect the number of assets you leave behind to your family after you die.
- You cannot borrow the full value (equity) of your home. This applies even if you have fully paid off your mortgage. The amount you can borrow depends on many factors, including your age, your spouse's age, interest rates, location, and the home's value.



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FINDING THE BEST REVERSE MORTGAGE FOR YOU

SINGLE PURPOSE REVERSE MORTGAGE

The most cost-effective type of reverse mortgage is offered by some government or non-profit agencies. However, the lenders of these single-purpose loans typically have restrictions on what you can use the loan money for. This usually means a home repair, property tax payment, or maintenance cost.

PROPRIETARY REVERSE MORTGAGE

These are private loans for homes with higher values, which result in higher loan amounts—but also come with higher interest rates. You could alternatively consider if selling and moving to a smaller home will be a smarter financial option.

HOME EQUITY CONVERSION MORTGAGE (HECM)

The most often used and well-known type of reverse mortgage loan, HECMs are funded by the U.S. Department of Housing and Urban Development (HUD). This type is popular because it doesn't require any income minimum and can be used for any purpose.



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Before you get scammed or scared away by the idea of a reverse mortgage, remember they are sometimes useful. Get in touch with your mortgage broker or a reverse mortgage counselor to see if it can help you.

Get a FREE Home Value Update at : KarenPeoples.FreeHomeValues.net



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