

Reverse Mortgage Supplemental Retirement Financing Strategy

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A reverse mortgage is a loan for senior citizens. It is often used to cover medical expenses, and is becoming a common way for retired persons to supplement their existing monthly retirement income.

This is a loan that senior home owners may take against their current home. You don't need to pay monthly installment in this type of loan. Instead, the lender will pay for you. You will pay the loan back from your equity when you've left the home either by selling it or passing away. Your children can keep your home by paying the loan back with interest if they don't want to sell it.

The concept of reverse mortgage is confusing to many and very often analogous with the conventional mortgage but they are quite different from each other. A conventional mortgage is a falling-debt and rising-equity transaction. But in the case of reverse mortgages, you will be given money by the lender and you will not make payment. So, it will result in a rising-debt and falling-equity model. This is a perfect type of loan for individuals desiring additional income for any number of reasons.

There are some factors you may consider in choosing a reverse mortgage. This type of loan is suited for you if you need regular funds for living, you don't want to leave your home to your children and your home is your only asset. In order to qualify for the reverse mortgage, you may not need to have a minimum income. Instead, you may not have income at all or may still owe money on conventional loans. The only requirement is that you are a senior citizen and prepared to take this type of loan against your home. The eligible age may differ from one place to another but in general the minimum age is 60. The joint owner must also sign for the loan if the home is jointly owned.

The amount of money you can get from the reverse mortgage will depend on many factors such as your age, value and amount of equity of your home, interest rates and closing cost on local home loans and other costs of the loan. It also may differ from one lender to another.

You can receive the funds from your reverse mortgage in the form of one time payment, a line of credit, a fixed monthly payment for a stipulated time, or a combination of the above. This will also differ from one lender to another. You can obtain your reverse mortgage from both government and private companies. The government loan is limited to a specific purpose like renovation, repairing and paying property taxes while the private loan can be used for any purpose. The private mortgage is more costly than the government loan because they incorporate various features like service taxes, insurance, and closing costs.

Jonathan Hansen is an expert in the areas of home financing, remodeling, funding, mortgages, and refinancing. With over 10 years of experience in building, creative financing, and remodeling, and provides free unbiased information and consulting to seniors, and retired individuals. Information on his company is available here: www.mortgage-refinance-info.com/aboutus.aspx For a free consultation please call 800-772-7027