

FOR IMMEDIATE RELEASE

For more information,
contact: Tara Solomon-Smith
Adult Development and Aging Agent, Wildcat Extension District
tsolomon@ksu.edu, 620-724-8233

Reverse Mortgage: Yes or No?

I am currently in the season of life where I am researching many options to allow my mom to age in place safely, while studying how to make it financially feasible. Whew, what a fuzzy and complex time it is! This week, let's discuss just one of those options that you may be seeing confusing and misleading advertising on: reverse mortgages.

Life is expensive at any age and during retirement, your income is often less than it once was. For this reason, a reverse mortgage may seem appealing; however, 2013 federal changes dramatically increased the complexity of the loan for consumers. It is now even more important for potential borrowers to understand the many variables to this financial product before they consider taking out a reverse mortgage. In its simplest form, a reverse mortgage is a means by which homeowners aged 62 or older can convert some of the equity in their home into cash.

Facts and Considerations of reverse mortgages:

- It is important to assess whether my home will allow me to age in place
- For immediate, short-term needs, there may be state and local programs that you can access
- I will have to go through a credit check and financial assessment, which will determine the amount of money I am able to borrow
- I retain ownership of my home
- While no payments are due, failure to maintain the property and pay property taxes could result in a loan default
- Higher fees will be charged if I withdraw more than 60 percent of the maximum loan amount in the first year
- Interest and fees accumulate each year on the loan balance
- The loan must be repaid if I move or at my death
- My liability for the loan only extends to the value of my home
- It is possible that my heirs may be forced to sell my home to pay off the loan balance

I know, mind boggling, right? If you are thinking about a reverse mortgage, be sure to visit with your family first and find a HUD approved housing counselor.

For more information, contact Tara Solomon-Smith, tsolomon@ksu.edu, or Kylie Ludwig, ludwigk@ksu.edu. You may also reach any of our district agents by calling 620-724-8233.

#

K - State Research and Extension is an equal opportunity provider and employer