

Reverse mortgage smarts

Thinking about a reverse mortgage? Here's what you need to know to find the best use for your home's equity.

What is a reverse mortgage?

A reverse mortgage is a loan to a homeowner aged 62 or older who occupies their home as their principal residence. Many senior homeowners rely on their reverse mortgage as a source of supplemental income in retirement. The loan "pulls" a portion of the home's equity and makes it available to the homeowner as cash. The loan is repaid once the homeowner sells the home, moves or passes away.

How do I know a reverse mortgage isn't a scam?

Most reverse mortgages are made under the **Home Equity Conversion Mortgage (HECM)** program and are insured by the **Federal Housing Administration (FHA)**. To ensure the lender you choose to work with is approved by the FHA, you can look them up at HUD.gov.

How can I get started?

Start by contacting an approved reverse mortgage counselor to discuss your financial situation. In California all reverse mortgages require in-person

counseling to be certain there are no surprises and to make sure it's the right decision for you and your family. Contact the Department of Housing and Urban Development's housing counselor referral service at 1-800-569-4287 or visit go.usa.gov/v2H.

What other options do I have?

A reverse mortgage is not right for everyone. If you need the extra money to supplement your retirement, look into state programs to lower your home expenses. Go to the California Public Utilities Commission's website at cpuc.ca.gov. Or, consider selling your home and downsizing. This is a great option for those who want to be closer to family members and services needed in retirement.

Any other questions?

To learn more about reverse mortgage programs, visit the Consumer Financial Protection Bureau website at:

<http://www.consumerfinance.gov/askcfpb/224/what-is-a-reverse-mortgage.html>.

In the meantime, if you or someone you know is interested in selling or buying a property, please contact me!