Amador Realty
P. O. Box 102
Volcano, CA 95689
209 296-5305
http://www.amadorrealty.com
sales@amadorrealty.com

**Reverse Mortgages May be a Good Alternative for those Age 62 and Older**

A reverse mortgage is certainly not for everyone age 62 and older but it might just present a viable choice for those homeowners who need extra income or face substantial debt problems. Not long ago, there were two major avenues to get cash from your home: you could sell your home which meant that you would have to move or you could borrow against your home and make monthly loan payments. So, what is a reverse mortgage? It is a loan against your home that you do not have to pay back for as long as you live there (it has to be your primary residence). The reverse mortgage can be paid either as a one-time lump sum payment, a line of credit that the owner can tap whenever extra money is needed or a regular monthly payment. The amount of funds you can get depends on the homeowner's age, the home's value, its location and the cost of the loan. Private sector reverse mortgages can be quite expensive because of the up-front costs involved, such as origination fee, insurance, closing costs and a monthly service fee. The federally insured Home Equity Conversion Mortgage (HECM) tends to be less expensive than private sector reverse mortgages.
There are other factors to consider: Since the homeowner makes no monthly payments, the amount owed grows larger over time. In today's real estate market, as home values still continue to decline, holders of a reverse mortgage could find themselves with high debt and little equity. However, for older homeowners who are "house rich" and "cash poor" the peace of mind of being able to stay in their home coupled with regular monthly payments (or a lump sum payment) may just be the way to go.

**June 2009**

Elke Duffy 209 296-5305