

## Benefits of a Reverse Mortgage

Reverse mortgages are a government insured home loan that was specifically designed for senior homeowners. This type of loan allows a homeowner to payoff their existing mortgage along with a combination of the following: establish a credit line, receive monthly checks, or withdraw cash. The amount of cash available depends on many factors, which we will discuss shortly.

If you choose to get cash with your reverse mortgage loan, you can choose from the following methods:

Tenure – equal, monthly payments.

Modified Tenure – line of credit combined with monthly payments.

Term – equal, monthly payments for a fixed period.

Modified Term – line of credit combined with monthly payments for a fixed period.

Line of Credit – payments or installments at the borrower's discretion (much like a standard credit line – use the money only when you choose to).

Perhaps the most worthwhile benefit of a reverse mortgage is that the borrower will not be required to make any mortgage payments for the duration of their stay. That's right: zero payments for the rest of their life or until they move from the home. As you can imagine, zero house payments could drastically alter a person's lifestyle in a positive manner and could do so almost overnight.

In regards to qualifying for a reverse mortgage, there is yet another benefit that is often over-looked: you do not need to verify your income since the loan is based on your home's value. There are no payments to be made, remember? Essentially, you do not need any income nor do you need an outstanding credit report.

When reverse mortgages were first introduced, they allowed the lender to have a stake in the future value of the home. In essence, the lender would profit from your equity even if it extended beyond the original loan amount. Fortunately for seniors, times have changed for the better: regardless if your home goes up or down in value, you will never owe more than the loan amount or your home's current value, whichever is lower.

Another question often asked is: can I outlive my loan? You can never outlive a reverse mortgage loan. So long as you are alive and living on the property, you will never have a mortgage payment for your reverse mortgage. Nor can a lender take your home away from you. As long as you live in your home, pay your taxes and insurance, you can live indefinitely in your home without making a single payment.

The amount of money that can be borrowed with a reverse mortgage is dependent upon many factors, including but not limited to: the age of the borrower, the amount of money currently owed on the home, the interest rate, the value of your home, and FHA's lending limits for your area. Typically, the older you are and the less money you owe on your home, the more you can borrow. However, every situation is unique. To get an accurate, approved loan amount, you should speak with an approved reverse mortgage lender or broker in your local area. Do not be intimidated about contacting a loan broker! HUD requires that you speak with an approved, HUD counselor prior to any loan funding to ensure that you are fully aware of how a reverse mortgage works. You may call 1-800-569-4287 to acquire a list of FHA approved lenders for your particular area. They can also give you names and phone numbers for HUD-approved counseling agencies.

Reverse mortgages are truly designed to help seniors live a higher quality life. If you or someone you know is 62 years of age or older, you should take the time to find out about a reverse mortgage.

## About the Author

Christian Rios is an x-loan officer for a major, US direct lender. He now specializes in educating home owners about available home loans. You can learn more about reverse mortgages here: [riverside California reverse mortgage](#). To learn more about traditional home refinancing, please visit: [california refinance home equity loan California mortgage](#).

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