Benefits of a Reverse Mortgage

On our team we have both spent decades in the lending industry. We have assisted first-time buyers, and we have assisted families in financing the construction of their dream home. It feels very good to be able to help people with these important milestones in their lives. Of all the clients and needs we have assisted though, nothing has been as satisfying as the positive impact we are having on the lives of the seniors we are currently serving.

The ways that these specialty senior products have improved their lives is almost unlimited. The following list captures some of the ways that our clients have, and can, benefit from the Reverse Mortgage opportunities.

Remaining in their homes	Seniors are currently the fastest growing segment of the homeless population. With the cost of everything going up so drastically, many cannot afford the essential things they need. A Reverse Mortgage can eliminate their monthly mortgage payment. It can also provide them with additional funds to help cover the costs of other expenses in their lives.
Aging in place upgrades	As we get older, sometimes it gets harder to do things like climb stairs. A Reverse Mortgage can be used to update a house to continue meeting the needs of the occupant.
Lowering utility costs	Since Reverse Mortgages do not require a monthly payment be made, energy upgrades that reduce the monthly utility costs result in freeing up additional money for other expenses.
Improving the comfort and indoor air quality	This is often tied to improved energy efficiency as many energy efficient upgrades also improve the indoor air quality of the home.
Legacy leveraging	Many seniors want to maintain equity in their home to pass on to their heirs. However, in many cases the heirs would be better served if the senior were to access some of that equity now and allow their to use it for the down payment to purchase their own home.

Relocate closer to family	Reverse Mortgages can be used to purchase a home. (refer to our section on Purchase Power Plus). This can allow a senior to move to a location that is closer to their children and grandchildren.
Buy a more suitable house	Many seniors are living in houses that no longer best meet their needs. Sometimes these houses are much larger than they currently need. Sometimes they would prefer a one-story house. Sometimes they would just prefer to live in a home that is closer to the activities they enjoy. (*We actually just had a client that used a Reverse Mortgage to purchase a new home with a larger yard because she loves to garden*.)
Divorce situations	Unfortunately, silver divorces are not uncommon these days. A Reverse Mortgage can be a great option for someone to buy out their ex-spouse and remain in their home.
Portfolio leveraging	Many financial planners are starting to integrate Reverse Mortgages into the financial strategies for their clients. They are recognizing that home equity is a significant component of many people's wealth. Since the funds dispersed from a Reverse Mortgage are not taxable, there may be some advantages to accessing these funds in lieu of portfolio disbursements.
Accessory Dwelling units (ADUs)	Reverse Mortgages can be an extremely advantageous strategy for adding an accessory dwelling unit on a property. Because the loan closes and the funds are available before the construction begins, a homeowner and contractor do not have to deal with all of the extra restrictions, documents, and delays of a standard construction loan. *For more information on this I would suggest that you go to our page that spells out the details of this opportunity.*
Home remodeling	Many people are planning to live in their home for the rest of their lives. They anticipate being there for another 10, 20, 30 years or more. In most cases they are now spending a lot more time in their homes now. They are seeing the advantages of using a Reverse Mortgage to tap into some of their stagnant equity to increase their enjoyment of that home.
Home repairs	A Reverse Mortgage can be an option to deal with deferred maintenance and repairs on a home.
Affordability	With the sharp increases we have been experiencing recently with the costs of just about everything, seniors are being disproportionately impacted. Many seniors are on a fixed income, and their monthly budget is already strained. Significant increases in the cost of things like medical care and homeowners insurance in particular have really put a strain on a lot of seniors.
Debt Consolidation	Reverse Mortgages can be used to take high interest debts like credit cards and move them into a Reverse Mortgage where no monthly payments are required. In addition to our first position

	Reverse Mortgage products, the new second loan Reverse product can be a great strategy for debt consolidation.
Retirement Enhancement	Many seniors are finding that they hadn’t really anticipated just how much money they would need in retirement. A Reverse Mortgage can be a great way for them to cover that gap.
Helping Family	Some seniors are using Reverse Mortgages as a way to effectively provide an advance on inheritance to their heirs. In addition to using these funds to help the younger generation with a down payment on a home, they’re using it for other things like paying for education and starting businesses. This can ultimately result in a far greater benefit to those heirs than waiting to receive that equity.
Vacation Homes	Although a Reverse Mortgage cannot be used to purchase or refinance a vacation home, that doesn’t mean people cannot use a Reverse Mortgage to purchase one. Some seniors are doing a Reverse Mortgage on their primary residence and using those funds to pay cash for a vacation home. This allows them to move the stagnant equity from that house into a property where they can build lasting memories with friends and family.
Safety Net	During the collapse of housing values between 2008 and 2012 many people discovered that relying on a Home Equity Line of Credit (HELOC) as a fallback plan was not a sound strategy. Most lenders froze or canceled these lines, taking away the access to them when the homeowner actually needed these funds. Reverse Mortgage products, like the Home Equity Conversion Mortgage (HECM) credit line, <u>cannot</u> be frozen as long as the homeowner continues to meet the terms of the loan. Even if the property values were to collapse again and the property was in a negative equity position, the homeowner would retain the ability to draw those funds.
In Home Care	Funds can be used to cover the costs of in-home care and other support services to allow seniors to remain in their homes.
Medical expenses	Reverse Mortgages can be used to pay for medical expenses that are not covered under insurance plans.
Self-employed and commissioned borrowers	Self-employed and commissioned borrowers over the age of 55 who are still working can you use this product in lieu of a standard forward mortgage. If they would prefer to pay the loan off over a set schedule just like a standard 30-year or 15-year mortgage, they can do that. However, because the payments are optional, they can elect at any time to pay interest only, forego some payments, or forgo all of the payments. With many Reverse Mortgage products, they can even draw additional funds when they need to.

Bucket List	Some seniors still have places they want to see and things they want to do in their golden years. A Reverse Mortgage allows them to use the stagnant equity in their home to make the most of this phase in their life.