

Reverse Mortgage

Mortgage trends come and go, and it seems that banks are constantly offering new ways to lure potential borrowers to sign a little more of their lives away. One of these is the reverse mortgage.

As the name

suggests, a reverse mortgage is a mortgage # in reverse. With a reverse mortgage, you receive payments rather than making them. Essentially, you are increasing your debt, rather than reducing it.

This new system

of creating cash flow is generally offered to homeowners who are over 62 years of age. Stipulations include that there is enough equity in the property to substantiate the reverse mortgage amount, and that the homeowner actually resides in the home that will be mortgaged.

With

a reverse mortgage, the homeowner receives regular payments and builds debt. This can offer retired persons a valuable source of additional income. The reverse mortgage "loan" (accumulated debt) must be paid when the borrower stops living in the home. Should the homeowner sell the property, move to another residence or pass away, the reverse mortgage debt will be due and must be paid.

Reverse mortgages really can be

a financial boon to older homeowners. By parting with some of the equity in their home, the homeowners are able to generate valuable income through the reverse mortgage payments. The cash is theirs to use however it's needed # for home improvements, as a supplemental retirement income, to cover health care expenses or even to pay off another mortgage. Also, reverse mortgage payments are generally considered to be tax-free income. Moreover, once the reverse mortgage is partly or fully paid off, the interest portion of the loan may qualify for additional income tax deductions, adding further benefit to this type of plan.

It's

important to understand all of the details, and check to see if there are fees and other expenses related to a reverse mortgage before you commit to one. Shop around and compare the reverse mortgage plans being offered by various mortgage lenders. You will be able to select the reverse mortgage that offers the best returns. Remember too, that you are not signing over title to your property, and all property taxes, insurance and related home expenses remain your sole responsibility.

In this life, nothing is

free. However, a reverse mortgage can be a great option for older homeowners who have built equity in their properties. While the money will eventually have to be paid back, it can put a little more gold into how you live your golden years.