

In Reverse

December, 2008

For homeowners 62+ and their families,
professionals, and senior service providers

Reverse Mortgage Changes Provide Retirees a Silver Lining This Holiday Season

You have to look hard to find good news in today's economic outlook, but for retirees, changes to the Federally-Insured Reverse Mortgage are making this holiday season brighter.

All ages are feeling the pinch of the downturn in our economy, which is especially true for retirees who are vulnerable to the impact on their retirement income.

In a recent poll of Americans 60 and over, 92% classify the current state of the economy as "headed for" or "in the midst of" a downturn, and 53% feel the current economic conditions are the worse they have ever experienced.

As many as 87% of respondents to the MetLife Mature Market Institute poll indicated that they are curtailing their spending, with 70% cutting back on essentials such as food and transportation.

As families gather together to celebrate the holidays, there is an opportunity to ease much of the fear and stress related to financial concerns for senior members.

New regulations under the Housing and Economic Recovery Act (HERA) have made great improvements to the Federally-Insured Reverse Mortgage.

A reverse mortgage enables homeowners 62 and older to convert the equity in their home into cash for any purpose. The best part is that there is no repayment for as long as the homeowners live in their home. Credit and income are not used to qualify, and Social Security and Medicare benefits are not affected.

On November 6, 2008, the Department of Housing and Urban Development (HUD) increased a single national loan limit for reverse mortgages to \$417,000, up from the previous limits ranging by county from \$200,160 to \$362,790. This new higher loan limit is expected to increase the number of retirees who qualify for a reverse mortgage, and to enable existing reverse mortgage borrowers to refinance their reverse mortgage to receive more money from their home.

In addition, HUD has capped the fee reverse mortgage lenders may charge to \$6,000, which will put more money in the pocket of senior homeowners.

For retirees who now lease a home and would like to become a homeowner, on January 1, 2009, HUD will allow the use of a reverse mortgage to buy a home. This includes the purchase of existing one-to-four-unit properties. Retirees could purchase a duplex or four-unit property, live in one, and rent out the other units to supplement their retirement income.

"There is no doubt that retirees are being adversely affected by today's economic conditions," Robert J. Petrelli, President and Reverse Mortgage Advisor at Mount Vernon Mortgage Corporation said. "We are able to structure the reverse mortgage so that it best serves the needs of our senior client by receiving a lump sum upfront for immediate needs, monthly payments to cover ongoing expenses, and a line-of-credit to draw from for unexpected or larger expenses."

For many retirees who previously did not qualify for a reverse mortgage because their existing mortgage balance was too high or they were renting a home, you may now be able to qualify.

To help you learn more about reverse mortgages, Mount Vernon Mortgage Corporation provides free educational materials and confidential estimates by calling them toll-free at 800-869-5882 or by visiting www.MtVernonMortgage.com/Reverse.

Everyone has different needs and concerns; it is our pleasure to help you learn about Reverse Mortgages so you can decide what's best for you or a loved one.



MOUNT VERNON
Mortgage Corporation

Committed to helping senior homeowners
achieve financial security.

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