

# In Reverse

January 2009

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

## Seniors Now Have Greater Flexibility and Opportunity to Secure Their Retirement

A new rule enabling the purchase of a home with a reverse mortgage is giving senior adults greater flexibility when it comes to where they live and the type of home they live in, the means to help family members who are struggling, and the opportunity to increase their security and retirement income.

The Housing and Economic Recovery Act of 2008 approved the new program to allow the purchase of a home with the Federal Housing Administration (FHA) insured-reverse-mortgage beginning January 1, 2009.

A house purchased under this new program must be a primary residence and will require a large down payment. However, there is no required repayment of the reverse mortgage for as long as senior homeowners live in their home.

This new means of financing the purchase of a home has created the opportunity for seniors to downsize, move to a house that is more comfortable, safe and convenient to services, or move closer to family.

Today's tighter credit standards might present a problem for most seniors trying to purchase a home. However, credit is not a problem with the reverse mortgage because income and credit are not used to qualify.

Eligible properties include 1-to-4-unit houses, condominiums, and manufactured homes built after June 15, 1976 on a permanent foundation.

Along with downsizing, some seniors are finding it necessary to buy a bigger home to accommodate adult children and their family moving back in with them after losing their home in foreclosure or losing their job.

Although extended family living arrangements can be difficult, there are benefits in helping adult children to get back on their feet, and to provide grandparents the opportunity to be more grand-parental and develop closer family ties.

Senior adults also have the ability to use the reverse mortgage purchase program to increase their retirement income. By buying a duplex, triplex or fourplex, seniors can live in one unit and rent the other units to produce income. With no monthly payments on the reverse mortgage, the rental income can be used to increase their retirement income.

In addition, seniors are able to buy a second home with a reverse mortgage and make it their primary residence. The second home could be located in a warmer climate, which would allow the senior to

live part of the year in one home and the other part of the year in the other home.

The qualifying age for a reverse mortgage is 62 or older, and it does not affect Social Security and Medicare benefits.

"This opens up some exciting opportunities for a population whose needs may not be well-served by a traditional forward mortgage," Robert J. Petrelli, President and Reverse Mortgage Advisor at Mount Vernon Mortgage Corporation said. "Not only do they have no monthly mortgage payments, they also have the peace of mind in knowing that they can't lose their home as long as they maintain it in good condition and pay their homeowner's insurance and property taxes."

The U.S. Department of Housing and Urban Development (HUD) provides answers to frequently asked questions about the reverse mortgage purchase program at [http://www.hud.gov/offices/hsg/sfh/hecm/faqs\\_hecm.cfm](http://www.hud.gov/offices/hsg/sfh/hecm/faqs_hecm.cfm). This also covers using the program to buy a foreclosed house.

To help you learn more about reverse mortgages, and the reverse mortgage purchase program, Mount Vernon Mortgage Corporation provides free educational materials and confidential estimates by calling toll-free at 800-869-5882 or by visiting [www.MtVernonMortgage.com/Reverse](http://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.

**Robert J. Petrelli**

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