



Consumer Credit Counseling Service
of Maryland and Delaware, Inc.

FOR IMMEDIATE RELEASE

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Reverse Mortgages:

What You Need to Know Before You Apply

(BALTIMORE) A reverse mortgage allows you to borrow money against your home while you remain living there and without making payments on the loan. In the past year, this type of home loan has gained increasing popularity with older adults. Before you apply for one, make sure you understand your rights and responsibilities and how reverse mortgages work.

Do You Qualify?

In order to qualify for a reverse mortgage you and your spouse must be at least 62 years of age, and you must have equity in your home. Generally you can qualify for one regardless of your current income level or credit score.

Reverse Mortgage Basics

A lender loans you money based on the value of your home, the amount of equity you hold in it, and your age at the time of application. The money you receive can be paid to you in monthly installments, as a lump sum, or as a line of credit, whichever works best for you. No matter how the loan monies are paid out, you generally don't have to repay them until you die, permanently move away, or sell your home. If you decide to sell your home, you are allowed to keep any proceeds from the sale in excess of what you owe to the lender.

Loan Amounts

The amount of money that you can obtain depends on the specific reverse mortgage plan or program you choose. It also is affected by the type of cash advances you require. Some reverse mortgages cost a lot more than others, and this may restrict the amount of money you ultimately will receive. Generally, the older you are and the more your home is worth, the more money you can get. The interest rates and closing costs for home loans in your local area may also affect the specific dollar amount available to you.

Closing Costs and Finance Fees

The costs related to obtaining some types of reverse mortgages may be high. However, you can use the money that you receive from the loan to pay for origination or closing fees. This is known as "financing" the loan costs. Under this plan, the costs are added to your loan balance, and you repay them with interest at the end of the loan.

Your Role as a Home Owner

Under a reverse mortgage, you retain the title to your home. As before, you are responsible for paying property taxes and home insurance and for making necessary property repairs. When the loan comes due, you or your heirs must repay the loan balance.

Parting Thoughts

If you think that a reverse mortgage may affect your eligibility for public programs, talk with your benefit providers first. Before you apply, also contact a HUD-approved counseling agency such as CCCS of MD & DE (**1-877-731-8486 / www.cccs-inc.org**) to gain further advice and learn more. During loan application and closing, do not sign documents before you fully read and understand them.

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Consumer Credit Counseling Service of MD & DE, Inc. (CCCS) is an accredited 501(c)(3) nonprofit agency that has served the local community since 1966. CCCS is dedicated to helping individuals and families resolve their financial problems. We promote the wise use of credit through education and confidential budget and money management counseling. Please call **1-800-642-2227** or visit our website at **www.cccs-inc.org** to find out more. Maryland State License #14-01.