

## Reverse Mortgage Loans

By Judith S. Parnes, L.C.S.W., C.M.C.

When assisting older adults and their families in designing individual plans to meet their needs, sometimes being "house rich and cash poor" can be used as a creative way to fund elder care costs.

For many older adults, the equity in their home is their largest single asset, yet it is unavailable to use for daily living expenses. Frequently, although the senior is living on fixed income, the cost of remaining in that home is constantly increasing, especially when there are medical problems, which require additional home health care expense.

A reverse mortgage allows the homeowner to convert this asset into valuable cash without having to sell it or move. Virtually anyone can qualify, as long as you are 62 years of age or older, own and live in the home as a primary residence. There are no income, asset or credit requirements. It is actually the easiest loan to qualify for. Unlike a typical loan, with a reverse mortgage the homeowner can receive funds from the lending institution in monthly installments, as a lump sum payout, as a line of credit, or any combination of the three.

The amount of the reverse mortgage benefit for which you could qualify, will depend on the age of the owner at the time of application, the type of reverse mortgage program that has been chosen, the value of the home, and the current interest rate. As a general rule, the older you are and the greater your home equity, the larger the reverse mortgage benefit will be. The reality of the amount of money that is accessible needs to be assessed as a part of a comprehensive care plan, to assure that it will be sufficient to cover the projected elder care costs.

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