

Paying Back a Reverse Mortgage

You must pay back a Reverse Mortgage Loan in full when the last surviving borrower dies or sells the home. It may also become due if you:

- ◆ Fail to pay property taxes or hazard insurance, or violate any other borrower obligation;
- ◆ Allow the property to deteriorate, except for reasonable wear and tear, and you fail to correct the problem;
- ◆ All borrowers permanently move to a new principle residence;
- ◆ The last surviving borrower fails to live in the home for 12 months in a row because of physical or mental illness.

By HUD regulation, all prospective borrowers must be counseled and receive a Certificate of Counseling which must be filed with the Reverse Mortgage Application. CCCSSA counselors are certified to provide this counseling and will present those who complete the Reverse Mortgage Program with the required certificate. For more information or to schedule an appointment, contact the CCCSSA office at 210.979.4300, or toll free at 800.410.2227.



Consumer Credit Counseling Service of Greater San Antonio

210.979.4300

800.410.2227

www.debt.org

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Mission Statement: To provide professional and affordable finance education, confidential counseling, and debt management.

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Your Mortgage

As a homeowner, the importance of making your mortgage payment on time each month cannot be overemphasized.



A **fixed-rate mortgage** guarantees your payment will stay the same for the life of the loan while an **adjustable rate mortgage** may increase, making it more difficult to make payments.

It is important to make timely payments to avoid late fees and potentially damaging your credit. You should also consider paying extra each month to reduce the principle balance of your mortgage. Check your statement to make sure the extra payment was credited to the principle.

CCCSA offers Pre-purchase counseling services to help consumers organize their finances before deciding to buy a house. The following formula can help you decide if your budget will afford a house payment:

- ◆ Total all your family's monthly take-home pay
- ◆ Multiply that total by .20 (20%) or .25 (25%)
- ◆ The resulting total is the most you should pay for a house payment.

Avoiding Foreclosure

If you receive a notice of foreclosure, your first step should be to *seek help immediately*. Statistics show that half of those whose homes are foreclosed on never speak with their lender prior to foreclosure. Some don't believe there is any help available. Others don't want to face the problem. But no matter the situation, you should not have to go through it alone.



Contact your lender or a professional counseling agency to learn all of your options and decide what the best course of action may be. Our certified counselors are trained to help you avoid Foreclosure and to organize your finances.

Our counselors can help you manage your budget and give you a spending plan that fits your needs. Those in a more severe situation may want to consider our "crisis" budget counseling which deals with the most serious budget problems.

We also offer Debt Management Plans for those who are behind on their mortgage payments. A counselor will consolidate your bills into one monthly payment and help you negotiate with creditors to possibly reduce interest rates and processing fees.

Bankruptcy is considered a last option. You should always talk to a professional counselor before deciding to file.

Reverse Mortgages

A "**Reverse**" **Mortgage** is a loan against your home that you do not have to pay back for as long as you live there. Nothing typically has to be paid back until you die, sell your home, or permanently move out.

To be eligible for a Reverse Mortgage, at least one owner listed on the title of the home

must be 62

years

or older. The

owners must

also have re-

sided in the home for the majority of

the year. To qualify, your property must

be a single-family or a two-to-four unit

dwelling (examples: townhomes, con-

dominium units, detached homes)

You don't need an income or a

credit score to qualify for a Reverse

Mortgage. You also don't need to make

monthly payments, and the loan can be

used for any purpose.

