Rob: Let's bring on Maggie O'Connell.

In the last segment there was a phone call, a woman 70 years old, she has a house that's paid for, thinking about a home equity line of credit.

Her husband has recently passed away.

Instantly I thought …reverse mortgage.

What are your thoughts?

Maggie: She should think twice before signing on to a traditional home equity line of credit, because she’s committing herself to monthly payments, and the more borrowed on the debt results in higher payments.

Eventually the payments become unaffordable and a lot of people who start out with a home equity line of credit end up refinancing to a reverse mortgage because you don't have to make any payments and you have the guarantee that you can live in your home the rest of your life. Also they should be able to get a lot larger income stream or line of credit.

Rob: So I think it's the best way to go.

And, again, I'm not going to lie, I'm a fiduciary; I think that's the best one. So what about reverse mortgages, what's new in the world of reverse mortgages?

Maggie: We’ve been talking about something happening with the lending limits that they'll be cut back a little bit and they have.

It happens very fast.

We had a week's notice and, bam; they're about 10% lower, which isn't catastrophic.

It has to do with the depressed housing market and lower home prices.

Home values declined and HUD had to make some adjustments to lower the risk.

So there could be some people who may not be able to qualify for the reverse mortgage because their mortgages are too high, but there's also another program that is just getting off the ground, the reverse mortgage program for purchasing a home.

It’s an opportunity for retired people on fixed incomes to purchase a home because these days it's hard to qualify for a home loan for seniors because their income is generally low.

And with the reverse mortgage, because you don't have to make payments, there's no income or credit qualification.

So seniors can get into homes very easily and I'm telling you, it's such a good time to buy a home.

You can get a home for $300,000 or less these days in the bay area and the thing about the reverse mortgage for purchase, you have to have a pretty big down payment, it's not your 20% down type loan because there has to be room for equity to grow.

There has to be equity for that interest to be added on that loan balance.

So72-year-old person would have to bring in about $123,000 for a down payment.

So they have to have some cash to get into that home, but it's a great opportunity if you do have that cash.

Rob: So what you're basically talking about is the government scaling back some of the limit, but it does create opportunity.

Maggie: Right. Well, I see opportunity for private lenders to get back into the business. We had a number of private reverse mortgages available before the crash, but left when problems with the credit markets hit.

I think they're going to be back.

With the HECM providing lower principle limits, banks & investors will see opportunities to be more competitive.

And I see pent-up demand for a program that has low fees.

That's one of the complaints about the government reverse mortgage, with the cost front end loaded. Although the cost is financed and put into the loan, it holds people back.

I keep up my database list of people who are waiting for low up front cost reverse mortgages and I'm calling them when they do come back. We do have the NestWorth private equity plan and it's nice to see companies who have the flexibility to meet other client's needs, such as owners of high value homes who want to tap their equity and continue to live in their home.

Rob: That's a private program so you lose the government insurance.

Is that a negative?

Maggie: People feel that anything that you do with your equity is a concern.

You want to be very careful.

And not having the government insurance makes it a little more concern.

And any private company, people are concerned they may go out of business. But the structure of the NestWorth program provides protection because if NestWorth stops making the payments to the homeowner, the agreement is terminated. Also, there is no debt involved in this program; it's an agreement to give NestWorth a predetermined amount of equity in exchange for monthly payments over time. It's considered an 'option to purchase' and if NestWorth stops making the monthly payments the agreement is terminated. The homeowner will keep the money that was paid to them and are not obligated to pay that back and they're right back where they were before they started the program.

Rob: What did you suggest -- how do you know what the right program is for the right person?

Maggie: Well, it takes examination. It takes asking a lot of questions.

I ask a lot of questions and the homeowners ask a lot of questions and their kids and advisers and we just have discussions, review printouts, papers and calculations and compare. And we find out what is important to them.

Is it more important to retain equity, or leave as much as possible to the kids?

There are a lot of different factors that are analyzed and it's just through a lot of conversation and discussion and evaluation when we find out what's really best.

Rob: You have to be one of the most trustworthy people I know in this business.

Reverse mortgage store.com.

I've known Maggie for a long time and never heard one thing negative. Only positives.

800-489-0986. It's Maggie O'Connell. And she'll get to know your situation which is very important because when you're a senior, you're dealing with reverse mortgages, there's a lot to get to know.