

What's the difference between a reverse mortgage and a regular mortgage?

Transcript of interview on KRON ch 4 in San Francisco, CA, saving a senior from foreclosure, answering questions, what are qualifications for a reverse mortgage?

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Rob: Joining me now, Maggie O'Connell from reversemortgagestore.com.

What's the difference between a reverse mortgage and regular mortgage?

Maggie: With regular, forward mortgages you make monthly payments.

And with a reverse mortgage you don't have to make monthly payments. You pay it back at the end. You're borrowing money and you pay it back when you sell the home or when the last homeowner passes away.

That makes it easier to qualify because the lender's not looking for an ability to make monthly payments; there are no income or credit qualifications. The main qualification is that you have to be 62 years old, and you have to have substantial equity in your home.

Rob: Because payments aren't required, does that make a reverse mortgage safer than a regular mortgage?

Maggie: It absolutely does. If you think about it, with a regular mortgage, what's the biggest risk? Not being able to make mortgage payments.

If something happens and you can't afford to make your payments, you're at risk of losing your home. With a reverse mortgage you don't have to make payments.

You don't have that risk. You have to make your payments for property taxes and homeowner's insurance and keep up the maintenance, but that's it.

It's a much safer loan.

Rob: What holds people back from using reverse mortgages?

I know financial planners like them, use them, and endorse them.

But the average person may be more hesitant.

Maggie: They are. It's a popular program. We've seen great increases in the people taking out reverse mortgages. But seems to hold people back are the costs, especially here in the Bay Area where home values are high.

And the FHA mortgage insurance is a pretty hefty fee. People ask me to keep their name and number and call when a program is available that has lower cost.

There is some talk about a new program developing with lower fees. That's exciting.

I think if the fees are more competitive with forward mortgages and the rates are already similar, we'll see more people taking out reverse mortgages simply because you don't have that monthly payment requirement. You can make payments if you want but it takes away the risk if something happens and you can't make payments.

Rob: Some seniors haven't paid off their home even though they're in their golden years and should have.

They're facing, uh-oh, I don't HAVE A JOB AND MY 401(k) IS DOWN Significantly.

They don't know how to make their payment but they have equity in the home.

Is that a good time maybe to stop foreclosure and trigger a reverse mortgage?

Buy yourself more time?

Maggie: It absolutely is. You don't have any credit qualifications so if you miss payments and your credit is shot it won't affect your ability to get a reverse mortgage.

If you are the right age, at least 62, and you have the ability to get the reverse mortgage, it can possibly save your home.

We just helped a woman in Livermore escape from foreclosure.

She hadn't made a payment all year because of some problems she had. To make it work the lender agreed to lower the principle balance by \$80,000. This allowed the reverse mortgage to pay off her defaulted loan and her struggles were over.

So there is hope out there for people who are in trouble with their mortgage and think they might lose their home. It's a horrible thing for people to go through, especially seniors.

And there are many older homeowners who have been in their home for a long time and made a mistake getting into an adjustable-rate mortgage loan and find they can no longer afford the payments.

There is hope and I love being able to help people save their homes.

Rob: Looking back on the year, we've had economic conditions that have been pretty bleak. How has that affected reverse mortgages?

Maggie: Actually, retired people are now reevaluating their new lower net worth and taking a look at their retirement plan and changing things around.

And they're looking at equity as part of that retirement portfolio.

Now that we have these tools that access equity, get to the money and be able to live in your home, too, people are using these tools as part of their retirement plan.

And baby-boomers especially, because they feel more comfortable with mortgages than the previous generation, and their retirement portfolios aren't as large as they had planned.

In many cases they have a lot of equity in their homes.

Also I think there's a shift in attitudes where the home is not necessarily an inheritance vehicle, but it's a vehicle to help in retirement and to help family members. Seems many adult children could use an early inheritance.

Rob: I've known Maggie for seven or eight years -- I've never heard one negative tweet or one negative word about you.

What sets you apart from other people in the industry?

Maggie: Well, nowadays there are a lot of big, national firms promoting reverse mortgages.

You'll see their ads on TV and their postcards in your mail box.

And when you call them, you don't know exactly who you're going to be working with. And I have just a little reverse mortgage Branch; I'm the branch manager and the loan officer.

And when you call my number, you work with me, and I help with the education process and every step of the way through the loan process. I have a really good processing team in house, so everything stays with us and we really work to do a good job for all of our homeowners.

Rob: Pull up some of the contact information.

It's important to note there's another way to get in touch with Maggie O'Connell. got a twitter.com/maggieoconnell, you can get updates that way. She only puts important updates on it.

Twitter's kind of a 21st century -- I don't know, shout out so to speak, twitter.com/maggieoconnell, or go to [reversemortgagestore.com](https://www.reversemortgagestore.com).

Couldn't be an easier web site to remember – I've worked with her for some eight years now, and a top-notch person.