

## 5 Reasons to Apply for a Reverse Mortgage Before October 1, 2010

It's anticipated that effective October 1st 2010, HUD will be making further adjustments to the Reverse Mortgage program. Most of these changes will not be beneficial to seniors. So if you are contemplating doing a Reverse Mortgage, you should seriously consider moving forward now.

**1. Lower Costs:** Lenders are *reducing the upfront costs of the loans*. This often takes the form of reduced origination fees, reduced or eliminated servicing fees, some lender are even willing to reduce or eliminate altogether the Mortgage Insurance Premium fees upfront. **When Lenders compete ... the consumer wins.**

**2. Principal Limit Reduction:** On October 1st, 2009 HUD implemented a 10% reduction in principal limits for its Federal Housing Administration (FHA) insured reverse mortgage product, the first ever reduction. *HUD is expected to reduce the principal limit again October 1, 2010.*

**3. FHA is expected to increase in the Mortgage Insurance Premium (MIP) from .5 to 1.25%.** Homeowners who get their Reverse Mortgage will have increased costs for the loan. Instead of a .5% fee, a fee of 1.25% will be added to the loan balance annually.

**4. Reverse Mortgage Appropriation?** Included in the Obama Administration's FY 2011 budget is a \$250 million appropriation request to offset projected losses for the Federal Housing Administration's reverse mortgage program. The request is in addition to lowering the principal limits one to five percent depending on the age of the borrower and increasing the annual mortgage insurance premium from 0.50% to 1.25%. *(The House of Representatives passed a \$140 million appropriation.)*

**5. FHA Lending Limits are temporary through the end of 2010.** After seeing the maximum available limits increase in 2008 and then again in 2009 to \$417,000.00, *the latest increase to \$625,500.00 signed into law by President Obama is only temporary through the balance of 2010.* Homeowners with homes valued between \$417,000.00 and \$625,000.00 would lose significant proceeds if the \$625,000.00 limit goes away.

If you are considering a Reverse Mortgage the cost of waiting may be substantial. Please call us @ 1-877-626-2621 to speak to one of our Reverse Mortgage Specialists.