



**JAMES G. DIBBINI  
& ASSOCIATES, P.C.**  
*Attorneys At Law*  
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## **Understanding Reverse Mortgages: Is It Right for You or a Loved One?**

At James G. Dibbini & Associates, P.C., we understand the importance of making informed financial decisions—especially when it comes to your home. One tool that many homeowners over the age of 62 consider is a reverse mortgage. While it can offer real benefits, it's not without risks. Here's what you need to know.

### **□ What Is a Reverse Mortgage?**

A reverse mortgage is a type of loan that allows homeowners aged 62 or older to convert part of the equity in their home into tax-free cash without having to sell the home or make monthly mortgage payments. Instead of the homeowner making payments to a lender, the lender pays the homeowner—in a lump sum, monthly payments, or a line of credit.

The most common type is a Home Equity Conversion Mortgage (HECM), which is federally insured by the FHA.

### **□ When Are Reverse Mortgages Used?**

Reverse mortgages are often used in the following situations:

- To supplement retirement income for daily living expenses
- To pay off existing mortgage debt
- To cover medical costs or home improvements
- As part of estate or long-term financial planning
- To enable aging in place without needing to sell the home

They can be a valuable option for individuals who are “house-rich but cash-poor.”

### **□ Benefits of a Reverse Mortgage**

- **No Monthly Mortgage Payments:** You remain in the home without monthly payments (though property taxes, insurance, and maintenance are still required).
- **Access to Home Equity:** Converts dormant equity into usable funds.
- **Flexibility in Payout:** Receive the loan as a lump sum, monthly payments, or a line of credit.
- **You Retain Ownership:** The title remains in your name.
- **Non-Recourse Loan:** You'll never owe more than the home's market value when the loan becomes due.

### **⚠ Consider the Downsides**

- **Reduced Home Equity:** Your estate will inherit less because the reverse mortgage reduces the equity in your home.
- **Loan Comes Due Upon Death or Relocation:** If you move out or pass away, the loan becomes due and payable.

- Fees and Interest Accrue: Loan fees, insurance, and interest accumulate over time, increasing the balance.
- May Impact Eligibility for Benefits: The cash received may affect eligibility for need-based programs like Medicaid.
- Risk of Foreclosure: If property taxes, insurance, or home maintenance obligations are not met, foreclosure is possible.

## ⚖️ **How We Can Help**

Reverse mortgages are complex financial instruments with long-term implications. At James G. Dibbini & Associates, P.C., we provide:

- Personalized legal advice to help determine if a reverse mortgage is right for you or your family member
- Review of loan terms and closing documents
- Assistance navigating the application process
- Coordination with lenders and financial planners
- Estate planning guidance to understand how a reverse mortgage fits into your long-term goals

Whether you're a homeowner exploring your options or an adult child assisting a parent, we are here to guide you through the process.

If you need assistance preparing comments or understanding how this law could affect your real estate holdings, please contact our office.

The attorneys at James G. Dibbini & Associates, P.C. collectively have over 60 years of experience providing legal services in the areas of:

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- [Business Formations](#)
- [Commercial & Residential Real Estate Closings](#)
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