

## » STICKY BUSINESS

### MORTGAGE ROLE REVERSAL

**Q:** *My parents are looking into a reverse mortgage to use their home equity for added income. What should I tell them?*

Get past  
the myths

**A:** FUNDING RETIREMENT is getting trickier as many Americans haven't properly saved, and pensions are becoming a thing of the past. Many investment portfolios have taken a hit in recent years, and seniors are looking for safe and proven options to fund their retirement.

Reverse mortgages have always allowed seniors to use their home equity without selling their home. Traditionally known for high upfront fees, new options announced in 2010 have made reverse mortgages a more attractive tool for many seniors.

■ **Understand how it works.** Here are the basics: Homeowners 62 or older can qualify for a reverse mortgage. While remaining in their home, this tool enables seniors to pay off their existing mortgage or simply convert the equity into tax-free cash. Different from conventional loans or second mortgages, repayment is not required until the homeowner no longer occupies the property as a primary residence.

■ **Don't be ruled by myths.** A reverse mortgage is only a financial tool. It is not good or bad on its face, but like all financial tools, it may be the right solution for some and not for others. A perceived negative associated with reverse mortgages is the cost. In October 2010,

the FHA announced the Saver Program, which lowers upfront loan closing costs, but also decreases the proceeds available to the senior. A licensed reverse mortgage professional can explain the options.

■ **Look for an FHA guarantee.** The majority of reverse mortgages funded in the U.S. are regulated and insured by the Federal Housing Administration (FHA). Pre-application independent counseling, three-day right of rescission after closing, and guaranteeing the consumer can never owe more than the home's value are all major FHA safeguards.

■ **Discuss how they intend to use the funds.** Reverse mortgages have the power to relieve a senior's financial burden and create new opportunities. Some reasons Maine seniors might opt for a reverse mortgage include paying for in-home health care, supplementing retirement income, renovating a property, retiring an existing forward mortgage, or replacing income after a spouse's death. You can even buy a primary residence with a reverse mortgage. While not for everyone, I've seen a reverse mortgage deliver something truly priceless: peace of mind.

*Businesspeople have questions. Do you have answers? Email editor@maineahead.com*

#### This month's expert:



**Sharron Eastman**

*President, Big Horizon Mortgage Corporation*

Sharron Eastman is owner of Big Horizon, a Maine mortgage professional service specializing in forward and reverse mortgages. She has over 13 years experience in lending and real estate investment. Eastman has served as an educational speaker for the Maine State Bar Association, Maine Estate Planning Council, Maine Society of Certified Public Accountants, Tom's of Maine, and others. An avid skier, she is a PSIA (Professional Ski Instructors of America) certified ski instructor.

### BUSINESS PRESS

■ **BIOVATION**, based in Boothbay, has a new line of cost-effective antibacterial and antimicrobial textile treatments to be used on upholstery in the healthcare marketplace. The broad-spectrum biocide functions as an odor control agent and reduces the risk of the transmission of infection.

■ **RELIABLE NETWORKS**, a privately held technology and managed services company based in Portland, has hired Kristin Pryzybsz in a hybrid business development and project management role.

■ **BANGOR International Airport** has been chosen as one of seven airports having the best practices in place for asset and infrastructure management. The Airport Cooperative Research Program is gathering information from the seven airports to develop guidelines on asset and infrastructure management for airports.

■ **COLLEGE OF THE Atlantic** in Bar Harbor commissioned the construction of a new research vessel, *Five Friends*, at the Wesmac yard in Surry. It will hold over 40 people and allow classes to be conducted while under way due to minimal sound on deck.