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STUDY: NEARLY 700K SENIORS FELL BEHIND ON MORTGAGE LAST YEAR

BY GINA GALLUCCI-WHITE

Special to the Daily Record

Adults 65 & older have been having trouble making their mortgage payment during the pandemic according to a study by the Consumer Financial Protection Bureau.

Data from May 2020 to July 2021 showed that more than a million older adults were behind on mortgage in August, September and December 2020, as well as in February 2021. The figure declined to roughly 700,000 in July 2021, the federal agency reported.

The study found that older homeowners of color, as well as older home-

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owners with an annual income of under 25,000 were more likely to fall behind on their mortgage payments. People who live in a home with three or more people were often also unable to pay their monthly bill. About 36% of older homeowners behind on their mortgage reported that a member of their household had lost their job during the COVID-19 pandemic.



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- STEVEN J. SLESS

How can older adults get their mortgage payments back on track?

Steven J. Sless, president of the Steven J. Sless Group of Primary Residential Mortgage in Owings Mills, says a reverse mortgage is a great tool for homeowners 62 and older.

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Steven J. Sless, president of the Steven J. Sless Group of Primary Residential Mortgage in Owings Mills, said a reverse mortgage can be a financial tool for homeowners 62 and older.

"There is \$9.5 trillion in untapped equity for folks 62 (and up) across the country and that number continues to grow as the housing market continues to grow," Sless said. "Values have appreciated a lot over the course of the last couple of years."

Many seniors who are behind on their mortgage don't realize they have considerable equity in their home, Sless said.

"There are ways to leverage that equity to not only eliminate their current mortgage payment and rectify their situation of being behind but also to live a better retirement," he said.

Sless added that many older adults don't understand how a reverse mortgage works and so tend to shy away from them.

Becoming educated and empowering themselves to really understand what their options are is really critical," he said.

To qualify for a reverse mortgage, homeowners must fall within certain income parameters and have roughly 50% equity in their home, Sless said.

A lot of folks think of reverse mortgage and they think of it as a reactive tool," he said. "It is actually best used when it is proactively used as a retirement income tool. Oftentimes it is just too late when you wait because you are going to fall behind, and you are not going to be able to qualify based on credit and income."

"Sless said he has talked to many clients who wish they had looked into a reverse mortgage earlier in the pandemic, when many of them decided to retire early.



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"They have since got behind and they are finding it very difficult to qualify now for the reverse mortgage, where two years ago it would have been a financial lifeline," Sless said.

Homeowners seeking a reverse mortgage can use Social Security payments, pensions and other assets to meet the income parameters for a reverse mortgage

But, Sless said, "if you were someone that was living paycheck to paycheck and then you lost your job, likely you are not going to be able to qualify for a reverse mortgage"

In September, Reverse Mortgage Funding LLC, one of the country's top lenders, announced it would lower the homeowner age threshold for reverse mortgages from 62 to 55 on homes valued at more than a million dollars in certain states. Maryland was not among them.

Marylanders 62 and older should understand that a reverse mortgage is designed as a long-term financial solution, Sless emphasized.

"It is not meant to be a short-term fix or a Band-Aid of any kind," he said. "The first question that we ask is, 'How long are you looking to live in the home? If the client comes back and says anything less than three years, it is not the right solution."

Given closing costs and fees, the financial tool does not make sense for people who plan to leave their home within a few years, Sless said.

He emphasized that homeowners should begin learning about reverse mortgages in their early 60s so they're prepared to incorporate their largest asset-their home - into their retirement plans.