

# **Co-op and Condo Owners Deserve Access to Reverse Mortgages**

by *Stephen J. Budihas, President*

*ARC, Association of Riverdale Co-ops & Condominiums*

(This opinion was published in the Riverdale Press on May 19, 2016)

If you're 62 or older and own your own private home or certain approved condominium – and want money to pay off your mortgage, supplement your income or pay for healthcare expenses – you may be able to consider a reverse mortgage. It allows you to convert part of the equity in your home into cash without having to sell your home. *BUT, if you are co-op owner this valuable resource is NOT available to you.* This is because of the current guidelines set by the Department of Housing and Urban Development and the concomitant New York State banking regulations do not include co-op owners in the classification of those who may apply.

Sometimes referred to as HECM loans or Home Equity Conversion Mortgages, reverse mortgages are increasing in popularity with seniors who have equity in their homes and want to supplement their income. In order to qualify, one must own the property outright or paid-down a considerable amount on it, occupy the property as your principal residence, have financial resources to continue to make timely payment of ongoing property charges such as maintenance, property taxes, insurance, etc.

Reverse mortgages take part of the equity in your home and convert it into payments to you – a kind of advance payment on your home equity. When you die, sell your home, or move out, you, your spouse, or your estate would have to repay the loan. This is important to understand. If you get a reverse mortgage of any kind, you get a loan in which you borrow against the equity in your home. You keep the title to your home, but instead of paying monthly mortgage payments, you get an advance on part of your home equity that eventually has to be repaid. (As a safeguard, most reverse mortgages have something called a “non-recourse” clause that means you can't owe more than the value of your home when the loan becomes due and the home is sold). All taxes, fees, variable interest and other costs associated with maintaining your home must be paid and current, otherwise the bank may force loan repayment. Since there may always be stumbling blocks in the individually considered circumstances underlying the approval of mortgages, condo/co-op boards must always exercise due diligence in approving this type of loan.

The Association of Riverdale Cooperatives and Condominiums supports legislation that would make reverse mortgages available to co-op owners according to the same criteria that govern those loans to private homeowners and approved condominium owners. Co-op owners buy and live in their homes in the with the very same intent and in the same manner as other homeowners and they pay their utilities, their taxes, their mortgages and their fees just as other homeowners must. As they approach the elderly moments in their lives they should be able to apply for the same resources available to everyone else, particularly if they are in certain financial need.

We urge our legislators in Washington D. C. and in Albany to not only support any changes in the HUD policy, but to strongly advocate for and sponsor legislation to specifically make reverse mortgages available to co-op owners.