

What is a reverse mortgage?

A reverse mortgage is one in which a lender makes a monthly payment to the homeowner. These amounts, plus accumulated interest, are backed by a mortgage on the property. The lender is repaid in full when the property is sold or exchanges hands.

What is the City’s program?

The City’s program is a modified reverse mortgage because the City makes the program available only to pay all or a portion of a homeowner’s property taxes. No monthly payments for living expenses are allowed.

Is it expensive?

No, not compared to most other programs of this type. The City of Madison has worked to keep costs to a minimum. Charges include:

- Adjustable annual interest rate based on the City’s cost of borrowing plus one percent. (Note: In past years, the interest rate charged by the City has ranged between 2.5% and 6.5%.)
- There is no monthly service fee.

- Cost includes title search to verify ownership of the property and recording of the lien on your property and any other necessary documents with the Dane County Register of Deeds. This cost is approximately \$135 and may be added to the amount borrowed. This compares very favorably to other programs.

Will this loan affect my retirement pension, Social Security, Medicare benefits or eligibility in the Wisconsin Homestead Credit Program?

No, none of these will be affected by your loan.

What are the property qualifications?

- The property must be located in the City of Madison.
- The property must be a single-family residence.
- The property must be the principal residence of, and owned by, the person(s) applying for the modified reverse mortgage.

What qualifications must the owner(s) of the property meet?

- At least one owner of the property must be at least 65 years of age.
- The owner(s) of the property must have a combined total liquid assets of less than \$30,000 and include but not be limited to such things as: checking accounts, savings accounts, life insurance net cash value, stocks, bonds, mutual funds, money market funds and annuities.
- The annual gross income (from all sources) of all household members occupying property must not exceed the following guidelines:

1 person	\$50,350
2 persons.....	\$57,550
3 persons.....	\$64,750
4 persons.....	\$71,900

How much am I eligible to borrow?

You may borrow enough to pay all or a portion of your annual property taxes. The cumulative amount paid under this program, plus accrued interest and other loans secured by the property, cannot exceed 70 percent of the value of the property. The City Assessor’s value will be used for this purpose.

How are my taxes paid?

At the time of closing on your loan, you will be required to sign a Note, Mortgage and other necessary documents. A lien on your property will then be recorded with the Dane County Register of Deeds. The City will process a check payable to both the property owner and the City of Madison or Dane County. You will then be responsible for paying the taxes in the Treasurer’s Office.

How is the loan repaid?

The loan is due when you sell, non-owner occupy or transfer the title. This loan has no prepayment penalty.

Are there any other requirements?

You, as the property owner, must agree to maintain sufficient homeowner’s insurance to cover the replacement value of your home. A Certificate of Property Insurance listing the City of Madison as a mortgagee must be submitted prior to signing the lien document.

Utilization of a reverse mortgage should be planned carefully and viewed as a matter of last resort. Equity in the home is being utilized to pay property taxes and interest does accrue. However, for people who have a debt-free home but are “cash poor,” the program is beneficial. In many cases, the annual increase in the assessed value of the home exceeds the amount borrowed to pay the taxes.

Information for this program is available from the following organizations:

Coalition of Wisconsin Aging Groups (CWAG)
2850 Dairy Drive, Suite 100
Madison, WI 53718
608/224-0606

East Madison/Monona Coalition of the Aging Inc.
4142 Monona Drive
Madison, WI 53716
608/223-3100

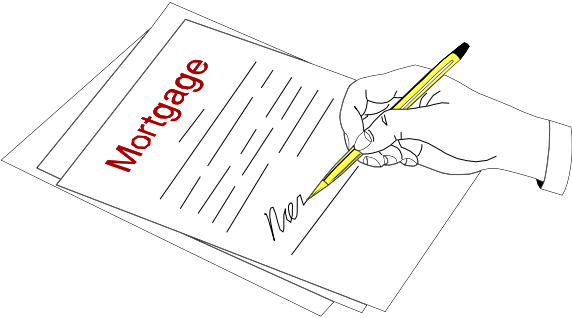
Energy Services Inc.
1225 South Park Street
Madison, WI 53715
608/267-8601

Madison Senior Center
330 West Mifflin Street
Madison, WI 53703
608/266-6581

North/Eastside Senior Coalition
Room 125
1625 Northport Drive
Madison, WI 53704
608/243-5252

South Madison Coalition of the Elderly
128 East Olin Avenue, Suite 110
Madison, WI 53713
608/251-8405

West Madison Senior Coalition
Suite 309
517 N. Segoe Road
Madison, WI 53705
608/238-7368



To obtain additional information and/or an application form, please call the City of Madison Community Development Division at 608-266-6520 or email (homeloans@cityofmadison.com) or fax (608-261-9626) form below.

I am interested in the City of Madison’s Modified Reverse Mortgage Program. Please send me more information at:

Name: _____

Address: _____

City: _____

State: _____ ZIP: _____

Email: _____

Mail to:

CITY OF MADISON
COMMUNITY DEVELOPMENT DIVISION
PO BOX 2627
MADISON WI 53701-2627

CITY OF MADISON



Modified Reverse Mortgage Program

A program designed to assist elderly homeowners with property taxes