You've seen the TV commercials starring Tom Selleck, Fred Thompson or Henry Winkler (the Fonz), targeting seniors with a message painting a rosy picture of reverse mortgages.

What Tom Selleck and the others don't tell you about reverse mortgages are the high costs, potential loss of Medicaid or Social Security benefits, and yes, the possibility of losing your home.

Reverse mortgages are for people 62 or older who live in their home and either own it outright or have invested a lot of equity in it. Reverse mortgages allow you to take a portion of the money that the home is worth, deferring payment of the loan until you die, sell, or move out of the home.

New tactics zero in on Detroiters:

Today, the lending industry – including banks and mortgage lenders like Quicken Loans – uses high-pressure sales tactics. You may be contacted by mail or by phone, or a flyer might be left at the door.

Do not assume reverse mortgages have no costs associated with staying in your home! In fact lending institutions can foreclose on the home if the homeowner:

- Is behind on property taxes.
- Misses an insurance payment.
- Cannot afford major maintenance costs, such as a new roof.

Many times lending institutions will make promises in trying to convince you to take out a reverse mortgage. Don't believe anything that is not in writing.

Once you sign the papers, you will find the lending institutions unhelpful. When you call with questions, you will often get the runaround or be given incorrect information.

Banks and mortgage companies are targeting poor people and, in Detroit,

Black and Brown people, to take our homes. Be on guard.

High costs

- Lending institutions charge a fee to start the transaction, which is $2,000 or 2% of the loan amount.
- Other fees include an appraisal fee ($200); pest inspection and flood certification fees ($150 total); and a mortgage insurance fee (it varies).
- Homeowners may be charged a flat monthly "service fee," ranging from $30 to $35 per month.

Often these fees are rolled into the loan, but have to be repaid if the loan is settled. High closing costs are also standard.

There is a very short time, often only 30 or 60 days, from time of death until the loan is due IN FULL. Children do not inherit the family home although they do have the right to pay off the loan and get the property back within this short time frame.

Reverse Mortgages could impact Medicaid and Social Security benefits

You must be very careful about how payments are structured — or you can lose Medicaid and Social Security Benefits. The money must be spent during the same month it is received so as not to accumulate savings.

Another problem

The loan must be repaid if the last surviving borrower permanently moves. God forbid if a medical problem forces you to be in a nursing home for more than 12 months! This situation counts as a "permanent move" and can trigger foreclosure.

Here's what happened to some Detroiters

- One man filed the required tax exemption papers every year. He was foreclosed on for non-payment of taxes. Yes, it was their mistake, but he still lost his home.
- One woman's mother died. The full amount came due but she did not know her mother had taken out a reverse mortgage. Detroit Eviction Defense waged a campaign to help her save the family home.

Look carefully before you sign.
Seek legal assistance.
Talk with your children.

Our community needs senior programs to help with taxes and maintenance costs. We do not have adequate help available. We need low-interest loans but these are difficult to obtain.

Photos by Jim West