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Wells Fargo Drops Reverse Mortgages: Is Financing Option Still Viable?

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Last week, mega-bank Wells Fargo announced it will stop selling reverse mortgages to senior citizens. It was the second large bank to drop such loans, after Bank of America made the same decision in February.

But does that mean reverse mortgages are a bad deal for seniors? Does it mean such loans will no longer be available? Absolutely not, says Terry Wakefield, a mortgage-industry consultant.

What it means is that consumers will have to pay more attention to the details when considering whether reverse mortgages offered by other lenders are right for them. It all depends on where you live.

“To make a reverse mortgage in a market where the values are in question makes absolutely no sense,” says Wakefield, who points out that some cities have watched their home values drop by as much as 40%. “Where reverse lending makes a lot of sense is in markets that have not been impacted as much by the decline in home values.”