

Firm offers options for seniors

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There is a new player in the reverse mortgage industry in Canada.

Seniors Money International, a global company founded in New Zealand, has appointed Nick DiRenzo as president and CEO of Seniors Money Canada.

DiRenzo told The Chatham Daily News the entry of the company into Canada underscores the growing significance of Canadians 60 years and older and their desire to maintain financial independence.

"A reverse mortgage from Seniors Money will enable older Canadians to release some of their home equity to maintain their freedom and enhance the quality of their lives," he said.

DiRenzo said Canadian seniors are thoughtful, practical and optimistic about the future.

"Our research has shown that our customers are prudent, responsible and have an average loan of approximately \$75,000," he said. "The money is typically used for home renovations and family gifts."

DiRenzo is confident that reverse mortgages will become increasingly popular in Canada as the number of 60-year-olds is anticipated to double over the next 25 years.

"Seniors around the world have come to realize that a reverse mortgage is a normal and responsible way to access their own money," he said. "No monthly mortgage payments are required until the last borrower permanently moves out of the home. And, the money obtained from a reverse mortgage is also the customer's to use in any way they choose."

Greg Davenport of Edward Jones Investments in Chatham said his firm neither offers or recommends reverse mortgage programs.

"There are a great many implications involved in the reverse mortgage field, " he said. "People should familiarize themselves with any program before making any rash moves."

David Marinigh of Mortgage Intelligence in Chatham said he's aware of the push today on reverse mortgages.

"They work for some people, but my advice would be for anyone thinking of making such a move to talk to a financial planner about the advantages and pitfalls of a reverse mortgage," he said.

Marinigh said reverse mortgages are not as straight forward as a simple mortgage.

"It's definitely a niche market and people should be aware of what they are getting into," he said. "Talk to specialists in the field before making any move when it comes to mortgaging or remortgaging a property."

Sylvia Lauzon of Money Brokers in Blenheim also recommended people know what they are getting involved with before signing up for a reverse mortgage.

Lauzon said she offers a far superior plan to reverse mortgages called a Manulife One Account.

"Don't jump into anything with both feet until you know what you are getting yourself involved in," she said.

DiRenzo said the amount customers can borrow depends on their age and the appraised value of the home.

Seniors Money will lend on a scale of up to 15 per cent of the home's value for someone at age 60 and up to 45 per cent at age 90.

"The variable rate is 7.5 per cent and is guaranteed to never go above bank prime plus two per cent," he said. "Interest is compounded monthly."

DiRenzo said the loan also comes without any penalty clauses and a guarantee that the homeowner or their estate can never owe more than the value of the house regardless of house price deflation or how long the residents live.

Headquartered in Mississauga, Seniors Money Canada will initially offer its reverse mortgage product in southwestern Ontario.

Chatham-Kent is being served by an office in Windsor.