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# Leaders &

SOUTH CHINA MORNING POST

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### Mortgage plan a last resort

As an estate agent in both Canada and Hong Kong and a mortgage broker in Canada, I can say when looked at closely, the reverse mortgage scheme is usually – and should be – the last option considered when comparing all other options.

It is like having your cake and then eating it. Once you have eaten the cake, it is gone.

What has taken 20, 30 or even 40 years to pay off, and build equity, can be burned away with high interest, insurance (and other unknown obligations) in just 10 to 15 years, leaving the homeowner penniless and pound poor.

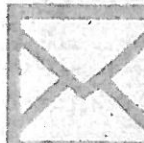
Not only could they find themselves broke, they could find they are living in a property in need of repair with no funds to carry out the repairs because the owner has exhausted the funds from the reverse mortgage.

I don't disagree with having the option; it is always nice to have an extra option.

In some rare cases it will be the best choice, but I want to stress the word "rare".

It should be interesting to see how this unfolds. Will the homeowners be protected? It is unlikely as, let's face it, if the banks are in favour, most likely it won't be in your favour.

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**We welcome all letters**

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