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The Basics Of Equity Release Schemes

When aging homeowners need extra money for retirement, equity release schemes are often the best option. Though not as well-known as traditional lending types, these plans can provide the perfect opportunity for seniors to get loans that might otherwise be unattainable. To fully realize the benefits of this process, borrowers should first learn how they work.

How to qualify

In addition to certain property value requirements, lenders have age-related requirements as well. Applicants must also be able to demonstrate that the mortgage on any home has been retired and that the property is in sound condition.

The value of this option

Most seniors are well aware of how difficult it can be for older homeowners to obtain any type of financing from conventional sources. Many banks do not view older people as good loan risks, and few seniors have any real collateral other than their houses. Given the uncertainty that accompanies old age, many seniors are afraid to risk their homes on loans that require payments they may not be able to meet.

With this option, those seniors never have to worry about monthly payments. They receive cash in exchange for an eventual transfer of their property to the lender. Meanwhile, they can use the money as they see fit, retain their homes throughout retirement, and live in them until they die. Many seniors who rely only on government stipends often find that these loans offer them the ability to travel and truly enjoy their golden years.

Choosing a plan

Seniors have three options from which to choose. There is the lifetime plan that enables them to receive one large payment of cash, the home income scheme that provides monthly payments from the lender, and the reverse mortgage scheme that offers either option. In each case, there is no repayment plan required.

As noted, these loans are secured by the homeowner's property, and when the borrower dies that property is transferred to the lender. These plans enable borrowers to receive the loan they need without making any type of payments in life. The only notable downside involves the loss of the right to bequeath the property when the senior dies.

That downside, however, should not be a factor for seniors working to make their retirement years as comfortable as possible. For these seniors, the opportunity to remain in their homes while enjoying the quality retirement they deserve should be more than enough to make these equity release schemes an attractive option.

[equity release](#) It is usual for most people to be paid a lump sum, then they can spend it as they desire. of ownership and become a tenant. You retain ownership of your house and you have to pay back the mortgage under the agreed terms. [equity release](#). This article, [The Basics Of Equity Release Schemes](#) has free reprint rights.

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