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JULY 2016 NEWSLETTER

DEAR FRIENDS AND COLLEAGUES: CHANGES TO REVERSE MORTGAGE RULES – IS A REVERSE MORTGAGE RIGHT FOR YOU?

THEY CAN HELP PEOPLE STAY IN THEIR HOME – AT A PRICE

Many of our older clients want to stay in their home and stay independent as long as they can. And many reach retirement age and still have a balance due on either the purchase-money mortgage that they took out to buy their home, or a home equity loan that they took out for repairs or for other purposes.

If you have significant equity in your home and you are over 62 years old, a reverse mortgage may be one option to consider. We have even had clients take out reverse mortgages to stop foreclosures.

A reverse mortgage is a special type of home loan that lets you convert a portion of your home equity into cash. You typically use the equity to pay off any existing mortgages, and then you can take out any balance in a lump sum or in payments to make home improvements, to supplement Social Security or to pay unexpected medical expenses.

A reverse mortgage is not due to be repaid until you no longer use the home as your principal residence or you fail to meet the obligations of the mortgage. The main obligations that you still have with a reverse mortgage are that you must continue to pay the ad valorem or property taxes on the home; you must still keep homeowner's insurance on it, and you must keep the home in good shape by doing the necessary maintenance and repairs.

You do not need a good credit score for a reverse mortgage, because there is no credit application. But there are significant fees incurred when you take out a reverse mortgage because the mortgages are typically insured by the Federal Housing Administration (FHA). These fees become part of your loan and don't have to be repaid until you leave the property either by moving into another home, a nursing home or when you pass away.

What are the "down sides" to a reverse mortgage? The amount that you owe increases over time because of the fees and interest. But so long as you do not intend to leave your home to your children or

other beneficiaries, that is fine. Then when you leave your home or pass away, the home can be sold or foreclosed upon. If it does not sell for enough to pay it off, you or your heirs (your estate) owe nothing on it. It is a "non-recourse" loan; they cannot sue you to collect on it.

And so long as you comply with your obligations under the reverse mortgage, you can live to be 100, 110 or 120, and you would not owe any payments on the reverse mortgage. In other words, you can live there for life with no mortgage payments.

There is a lot to consider in taking out a reverse mortgage. New FHA rules add some consumer protections. One of them is insure that prospective borrowers take mandatory counseling to be sure a reverse mortgage is right for them and that they can afford to keep up the house in the long run. ■



A reverse mortgage is right for some people, but not everyone. Do your research thoroughly before you make a decision to take the plunge.

Quotes:

There are people who have money and people who are rich. --- Coco Chanel

If we are growing, we're always going to be out of our comfort zone. --- John Maxwell

Find the good and praise it. --- Alex Hailey

A LITTLE HUMOR – the “Going the distance” edition

After the Falkland Islands War in 1982, a British officer addressed three soldiers in his office. “Since we weren’t technically at war,” he told them, “I can’t give you any medals for your distinguished service during the crisis. I am, however, empowered to offer you each two pounds sterling according to these specifications: You may choose two points on your body, and you will be awarded the money for each inch of distance between those two points.”

The first soldier said, “The tip of me head to me toes, sir!”

A junior officer measured the distance. “That’s 70 inches, so you’ll receive 140 pounds.

The second soldier stretched his arms as wide as they could go. “Tip of one middle finger to the other, sir!”

The junior officer again made a measurement. “That’s 72 inches, which adds up to 144 pounds.”

The third soldier stepped forward. “Tip of my thumb to the tip of my pinky, sir!”

The general looked puzzled. “That’s rather unusual, son, but if that’s what you want, we’ll do it.”

The junior officer began making the measurement, then stopped. “You don’t have a pinky finger, soldier! Where is it?”

“East Falkland, sir!” ■

Did you receive a Notice of Transfer Under General Order 2016-3?

What the heck does it mean? It means that your bankruptcy judge, U.S. Bankruptcy Judge Letitia Z. Paul, is in the process of retiring.

It also means that your chapter 13 case is being reassigned to either Judge Karen K. Brown or Chief Judge David R. Jones. Judge Paul will remain judge over certain other bankruptcy cases until January 2, 2017 when her remaining cases will be transferred to other judges. Judge Paul was appointed to the bench on March 21, 1985 and was reappointed to 14-year renewable terms in 1999 and 2013. ■

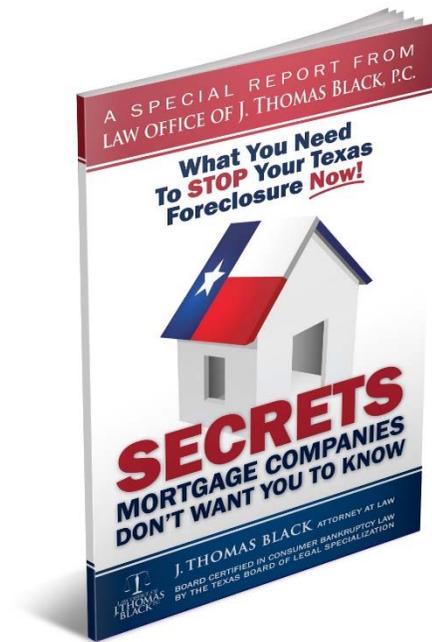
Huge Verdict in Baby Powder Case

A St. Louis jury awarded plaintiff Gloria Ristesund \$55 Million (\$5 Million for actual damages, \$50 Million for punitive damages) when it found Johnson & Johnson liable for the plaintiff’s ovarian cancer resulting from the use of its products containing talc. This is the second jury verdict against J&J within a few months. The first one in a case brought by Jacqueline Fox totaled \$72 Million, \$62 Million of which was for punitive damages. In that case jurors found that her ovarian cancer and later death was caused by the use of Johnson & Johnson baby powder and Shower to Shower.

According to a nationally-recognized plaintiff law firm, the two juries saw internal company

documents that proved that Johnson & Johnson knew for decades about the ovarian cancer risk from the use of their talc-containing products for feminine hygiene purposes. Yet they not only didn’t do anything to warn consumers but they purposely refused to warn and covered up the risk.

If you or anyone you know has suffered from ovarian cancer after the use of one of these products for feminine hygiene, you could have a legal claim. Contact Mr. Black at the office. ■



Problems with your mortgage company? Are they threatening you with foreclosure? Request our free Special Report, “Secrets Mortgage Companies Don’t Want You to Know, What You Need to Stop Your Texas Foreclosure Now!” Download it at jthomasblack.com or pick one up at the office.

Thank you for your referrals! We accept cases in the following areas*

Bankruptcy.
Stop I.R.S. Liens and Levies.
Stop Foreclosure and Repossession.
Serious Accidents and Injuries.
Student Loan Help.
Wills and Trusts.

*certain cases may be referred.

ARE YOU IN CHAPTER 13 NOW?

Always keep the law office updated with your current address, telephone numbers, and email address. We may need to reach you quickly. You can check on the status of your Trustee payments, how much you still owe on your case, etc., by going to www.ndc.org to set up your user ID and password.

Plan payment too high? Lose job or overtime? It may be possible to surrender property or if your situation has changed to lower your payments. If this is your situation, contact our office for an appointment to prepare a Motion to Modify.

J. Thomas Black was licensed as an attorney in Texas by the Texas Supreme Court in May, 1982. Mr. Black is Board Certified in Consumer Bankruptcy Law by the Texas Board of Legal Specialization.

We are a federally designated Debt Relief Agency under the United States Bankruptcy Laws. We help people find answers to their debt and credit problems, including, when necessary, helping them file bankruptcy under the U.S. Bankruptcy Code.