

REVERSE MORTGAGES

Put your home to work for you!

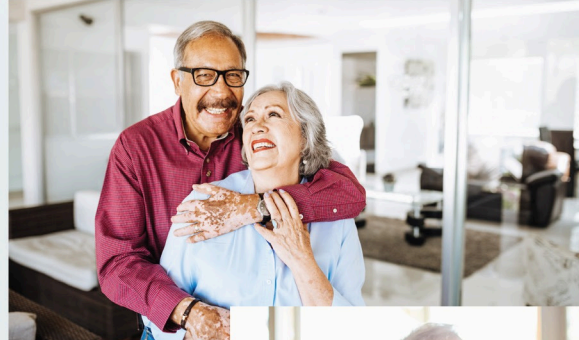
A Q&A guide on how to access retirement funds without selling your home.

FAQ



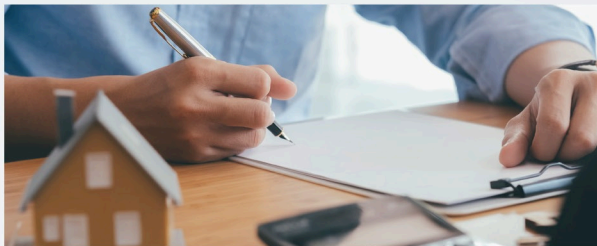
What is a Reverse Mortgage?

A reverse mortgage is a special type of loan that enables individuals 62 and older to convert some of their home equity into tax-free funds¹. Unlike traditional equity loans, you may receive payments instead of making them.



Who is eligible?

- Homeowner(s) who are at least 62 years of age and occupy the property as their principal residence
- Eligible properties include single-family homes, FHA approved condominiums, townhomes and 2-to-4-unit dwellings (borrower must occupy one unit as their primary residence)
- The home must be owned free and clear or have an existing balance that can be paid off with the reverse mortgage proceeds
- Limited income and credit requirements



How much can someone borrow?

The amount that can be borrowed is based on a HUD formula that factors in the age of the youngest homeowner, the interest rate, the lesser of the appraised value or the FHA lending limit and the amount of any existing liens on the house.

What are some of the benefits?

- The reverse mortgage customer retains ownership and can remain in their home for as long as they desire, provided all program requirements are met².
- Loan proceeds can be used for any purpose including eliminating an existing mortgage, meeting daily and monthly expenses, or covering health care expenses.
- Loan proceeds are not considered income and will not affect Social Security or Medicare benefits³.



What type of interest rate options are there?

Both fixed and variable rate reverse mortgages are available.

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What are tax-free distribution options?¹

- Lump sum advances make funds immediately available
- Tenure plans provide fixed, monthly advances
- Line of credit makes funds available upon request

A combination of the above options is also available.



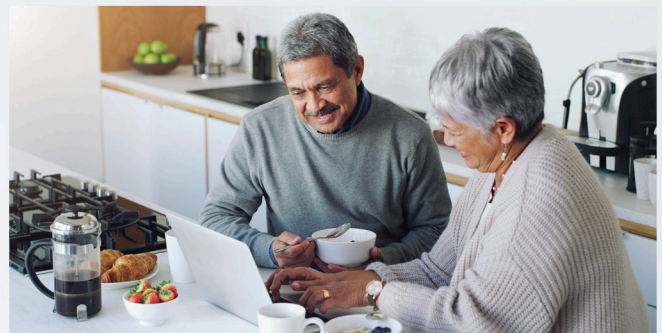
What are the costs involved with reverse mortgage?

Reverse mortgage costs include:

- Borrowers must attend a counseling session with a HUD approved counseling agency. There is a fee for the counseling session
- An upfront appraisal deposit
- Closing costs which are financed into the loan and include: origination fee, title insurance, a mortgage insurance premium and attorney fees.
- The homeowner must maintain the property and remain current on property taxes, homeowner's insurance, and HOA dues

How is the loan repaid?

The loan does not need to be repaid if one borrower lives in the home as their primary residence, maintains the property to FHA standards and remains current on the property taxes, homeowner's insurance, and HOA dues. The amount owed when the reverse mortgage is repaid equals cash advances, financed closing costs, and accrued interest. Any remaining equity stays with you or your heirs.



1. Consult a tax advisor. 2. Borrowers must maintain the home and remain current on property taxes, homeowner's insurance, and HOA dues. 3. Loan proceeds are not considered income and will not affect Social Security or Medicare benefits. Reverse mortgage proceeds may affect your eligibility for other programs. Consult your local program office or your attorney to determine how, or if, reverse mortgage proceeds might affect your specific situation.

CANCode CAN1221-071815



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