



REVERSE MORTGAGES

What is a Reverse Mortgage?

- It's a special type of loan that enables individuals aged 62 or older to convert some of their home's equity into tax-free* cash.
- Unlike traditional equity loans, no repayment is required until the home is no longer the principal residence.

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, condominiums, town-homes, and 2- to 4-unit dwellings.
- The home must be owned free and clear or have a small remaining balance that can be paid off with the Reverse Mortgage.
- No income, employment, or credit requirements are apply*

How much cash can someone receive?

- The amount that can be borrowed is based on a HUD formula that factors in the age of the youngest homeowner, the interest rate, appraised value, and the county where the property is located.

What are some of the benefits?

- The Reverse Mortgage customer always retains ownership and lives in their home.
- Cash advances can be used for any purpose.
- Loan proceeds are not considered "income" and do not affect Social Security, Medicare, SSI, or Medicaid benefits.
- The heirs can keep the home once the Reverse Mortgage is repaid.

What type of interest rate options are there?

- The Reverse Mortgage is an adjustable-rate loan linked to the one-year U.S. Treasury Security Rate.
- Any adjustment in the rate has no effect on the amount or the number of loan advances the customer can receive, but causes the loan balance to grow at a faster or slower rate.

What are the tax-free cash options?

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

What are the costs involved with a Reverse Mortgage?

- There are closing costs, which can be financed into the loan. These may include an origination fee, title insurance, appraisal, a mortgage insurance premium and attorney fees.
- Typically, the out-of-pocket expense totals is about \$400.
- The customer is expected to continue maintaining the property, paying the real estate taxes and hazard insurance premiums.

How is the loan repaid?

- A Reverse Mortgage is due and payable when the property is no longer considered the customer's principal residence.
- The loan must be repaid in one payment- either from the sale of the home or through other resources.
- Reverse Mortgages **do not** require the homeowner to make monthly payments to repay the loan.

Call with any questions about this government sponsored program for seniors.

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* Reverse Mortgage borrowers are required to obtain an eligibility certificate by receiving free counseling sessions with a HUD-approved agency. Family members are also strongly encouraged to participate in these informative sessions.