
Understanding Reverse Mortgages

A reverse mortgage is a type of mortgage loan for homeowners age 62+. It allows these senior homeowners to access the home equity in their home. There are no monthly mortgage payments required. However, homeowners are still responsible for paying property taxes, insurance, applicable HOA fees and maintenance. The repayment of the loan is deferred until the homeowner dies, sells or moves out of the home. The Reverse Mortgage has been increasing in popularity among retirees due to no requirements for monthly mortgage payments and tax-free access of their home equity.

How Does a Reverse Mortgage Work?

To qualify for a reverse mortgage loan you should be at least the age of 62 years and have enough equity accumulated in your home. The loan provides installment payments to the borrower based upon the percentage of the equity that has been created in their home. The loan gets repaid when the borrower sells the home, moves out of the home or passes away. The factors which impact the loan amount for which you may be eligible for include your age, the value of your home, interest rate and whether your home conforms with the Federal Housing Administration's (FHA) mortgage limit.

What Are The Pros and Cons of a Reverse Mortgage?

There are several considerations to make before deciding to proceed with a reverse mortgage loan. As with any important decision, it is important to understand the pros and cons associated with Reverse Mortgages.

Pros:

- You continue to live in your home and retain title to your home as long as you continue to pay your property taxes, insurance, and maintenance.
- You generally receive the proceeds of the loan as tax-free cash in which you can use the money as you see fit. It is recommended though to speak with your financial advisor to verify your specific situation.
- You do not make any monthly mortgage payments during the course of the loan. You do have to follow the constructs of the loan guidelines and are responsible for paying your property taxes, insurance and maintenance.
- A reverse mortgage is a non-recourse loan. Neither you nor your heirs are liable for any amount of the mortgage that transcends the value of your home.
- You choose the disbursement option. There are several ways in which you can receive the proceeds of the loan.
- Many lenders offer a free reverse mortgage loan calculator which allows you to get an estimate as to how much you may qualify for.

Cons:

- Fees associated with the loan are generally higher than with other financial products. You should ask your lender about options available.
- The balance of the loan increases over time as does the interest on the loan and the fees associated.

The Reverse Mortgage **Process**

Our team offers individually tailored solutions, and ensures that your loan process is seamless and customized to your individual needs.

Receive a Quote

Begin by completing our inquiry form. A licensed Reverse Mortgage Specialist will then contact you to go over your options and clarify any questions you may have.

2

Consultation

Engage in a counseling session provided by a list of approved counselors given to you by your specialist.

This can be done *in person* or *over the phone*, depending on your state's requirements, to ensure you fully understand the process and benefits.

3

Application and Documents Submission

Complete the initial application, sign disclosures, and provide necessary documents for loan processing.

4

Loan Processing and Underwriting

Services such as appraisal, title work, homeowner's insurance are ordered, and your loan file is reviewed by underwriters to ensure compliance with all underwriting guidelines.

5

Closing and Loan Servicing

Once your loan has been approved, we will schedule your loan closing. A Reverse Mortgage Specialist will guide you through closing process and outline what to expect after your loan closing and during loan servicing.