



Reverse Mortgages.com, Inc.
A Guide to Reverse Mortgages

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What is a Reverse Mortgage?

Questions For You:

- ☑ Do you want a comfortable retirement?
- ☑ Do you want to eliminate your monthly mortgage payments?
- ☑ Are medical bills and other expenses stacking up?
- ☑ Would you like to worry less and enjoy life more?

If you answered 'yes' to any of these questions, a reverse mortgage could be the right financial solution for you!

In this guide, you will learn how a reverse mortgage can create personal and financial stability in your life. Here at Reverse Mortgages.com, Inc., our loan officers put value in being readily available to answer any questions you may have to ensure a smooth process from beginning to end. As you are reading, we encourage you to call so we can help you apply what you read to your specific situation. Together, we can help you achieve the lifestyle you deserve.

A Reverse Mortgage is a unique type of loan that allows homeowners to use the equity in their home to eliminate monthly mortgage payments and/or supplement their income without having to sell their home or give up title. Unlike traditional mortgages, a reverse mortgage does not require a monthly mortgage payment. In fact, in circumstances where a sufficient amount of equity exists, the lien holder will actually disburse payments to homeowner. As long as you continue living in the home as your primary residence and remain current on taxes, insurance, and home maintenance, the loan balance will not become due and payable.



How can a Reverse Mortgage **help me?**

Homeowners seek reverse mortgages for a variety of reasons. The funds from a reverse mortgage can be used to supplement a fixed income, to receive money to cover expenses, or in any way you wish. There are no restrictions on how you can use the funds from your reverse mortgage.

Common Misconceptions

Does the bank own my home?

No. You will maintain ownership of your home as long as you live in it and remain current on all loan obligations, such as taxes, insurance, and home repairs.

Will I be required to make monthly mortgage payments?

For as long as you live in the home as your primary residence and remain current on all loan obligations, such as taxes, insurance, and home repairs, the reverse mortgage will not be due and payable, and you will not be required to make monthly mortgage payments. This is one of the most appealing benefits of a reverse mortgage.

Will I receive a penalty if I pay off the loan early?

No. If the loan is paid off early, there are no prepayment penalties. A reverse mortgage can be refinanced into a new reverse mortgage or into a traditional mortgage as long as you qualify.



Your Benefit Checklist

- No loan repayment for as long as you live in your home.
- Eliminate your monthly mortgage payments.
- No restrictions on how you use the money.
- Access funds for lifestyle enhancements.

Is a Reverse Mortgage Right for You?

Top 6 Reasons for a Reverse Mortgage

If you have worked hard for a comfortable retirement, but the cost of living is getting in the way, a reverse mortgage can serve as a financial solution! Here are the top 6 reasons why homeowners seek a reverse mortgage.

Eliminate Payments

Your income is fixed, but the cost of living is on the rise. Gas prices, food costs and other expenses can make everyday living difficult. If rising costs are pushing you out of your home, a reverse mortgage may help. By eliminating your monthly mortgage payments, you may have the funds you need to cover expenses and live comfortably in the home you love. (Note: Homeowners must continue to pay property taxes and insurance.)

Subsidizing Health Care

Retired homeowner's find it harder to afford the rising cost of prescriptions, office visits and in-home care each year. With additional funds from your reverse mortgage, we can help you manage your medical expenses. A reverse mortgage will eliminate your monthly mortgage (taxes, insurance and home maintenance are still your responsibility) creating the financial security you may be looking for.

Lifestyle Enhancement

When you planned for retirement, did you know how much income you needed to maintain your current lifestyle? Do you want to travel, enjoy entertainment and eat out? A reverse mortgage can be used to fund all those things so you can continue living comfortably.

Is a Reverse Mortgage Right for You?

Supplement Your Income

If you are not retired and are not making enough to cover the rising cost of living expenses, a reverse mortgage can help you supplement a fixed income. There are no restrictions on how you can use the funds from your reverse mortgage.

Home Improvements

Are your plans for your home bigger than your budget? Home improvements and repairs can be expensive. A reverse mortgage can give you the same advantages as a home equity loan without an additional monthly mortgage payment.

Help Family Members

Are you planning to help your family with growing expenses? Did you want to send a family member to college? A reverse mortgage can serve as a financial tool to cover these additional costs.



Frequently Asked Questions

If you are just starting your research about the reverse mortgage loan, it can seem overwhelming. Our first priority is to help you understand the reverse mortgage and make the process of obtaining one as streamlined as possible. With some help from our Reverse Mortgage Frequently Asked Questions, we offer you the basic information you need to know to get started.

How do I find out how much I can receive?

The amount you are able to borrow overall is calculated by age, interest rate, and value of the home. It is important to remember, all payout options come with a cap on the amount the homeowner is allowed to access in the first year. Generally, the homeowner is able to take up to 60% of the initial principal limit in the first year.

Do I qualify for a reverse mortgage?

There are a few basic requirements to be eligible for a reverse mortgage.

- Own your home or primary residence.
- Qualify under FHA's financial assessment.
- Be at least 62 years of age.
- Have sufficient equity in your home or funds to bring to closing.

How much does it cost to get a reverse mortgage?

The fees that your lender can charge on an FHA reverse mortgage are strictly regulated. There will be the typical fees paid to third parties for providing services necessary for the processing of your loan (title insurance, credit report, etc) and an up-front mortgage insurance premium. In addition, your lender could charge you an origination fee, ranging from \$0-\$6,000, depending on property value.

What can I do with the money I receive?

Homeowners seek reverse mortgages for a variety of reasons. The funds from a reverse mortgage can be used to supplement a fixed income, to receive money to cover expenses, or in any way you wish. There are no restrictions on how you can use the funds from your reverse mortgage.

Does my type of home qualify?

Many people wonder if their home is eligible for a reverse mortgage. Single family homes, 2-4 unit homes with one unit occupied by the borrower qualify, as well as FHA-approved condominiums, and FHA-approved manufactured homes.

Fees

The fees that your lender can charge on an FHA reverse mortgage are strictly regulated. There will be the typical fees paid to third parties for providing services necessary for the processing of your loan (title insurance, credit report, etc) and an up front mortgage insurance premium equal to either .5% or 2.5% of the lesser of either the property value or

\$636,150 depending on the percentage of funds drawn in the first year. In addition, your lender or broker will charge you an origination fee between \$0 and \$6,000, depending on your property value. This should be the only fee that is paid directly to your lender.

There are no expenses you will have to

pay out-of-pocket. The appraisal ranges from \$450-\$550, but can be paid up-front or financed into the loan. The counseling fee can either be financed into the loan or be paid up-front as well. Some counselors offer a discount for paying up-front, but the choice is yours. All other costs are paid from the loan proceeds at the time of closing.



Financial Assessment

FHA has instituted a financial assessment qualifying portion in order to assess the homeowner's willingness and capability to remain current on their obligations. In this process, lenders will review potential borrowers' credit history, analyze all income, and compare it to their expenses. Those that may come up short are often given the opportunity to set aside money from their reverse mortgage to cover those future obligations.

The Reverse Mortgage Process

The reverse mortgage process comes with a few steps and here at Reverse Mortgages.com, Inc., we put value in being readily available to answer any questions you may have to ensure a smooth process from the beginning. Listed are the likely phases you would go through in obtaining a reverse mortgage.



1. Reverse Mortgage Research

Any of our licensed loan officers at Reverse Mortgages.com, Inc. would be happy to assist you in learning more about what a reverse mortgage could do for you. Things they might address include:

- The cost and benefits of each reverse mortgage option.
- Analysis of your financial situation to decide if you are making the best choice.
- Any questions you may still have about the potential upcoming process.

2. Official Counseling with a HUD-approved Counselor

All Home Equity Conversion Mortgages (HECM) require counseling to make sure you are making an informed decision. The counselor will cover the basic requirements, term, benefits, and costs for you as a potential borrower, and is intended to be an unbiased information source to you. Counseling can usually be done over the phone.

The Reverse Mortgage Process

3. Application

After deciding a reverse mortgage is right for you, you can select a loan originator through Reverse Mortgages.com, Inc. They will verify your eligibility and run a preliminary financial assessment to make sure you have the financial capability to uphold the responsibilities of maintaining your home. After that, preliminary paperwork will be completed to allow the loan officer to continue processing your file.

4. Loan Processing

After the home has been appraised and all required items are completed and returned, the file is given to a loan underwriter for approval. This step could take up to 5 days. This is done to accurize the information and to ensure it complies with all state and federal guidelines.

5. Closing the Loan

Signing the reverse mortgage documents at a scheduled time with a notary or attorney is done to confirm all terms of the agreement and complete the loan. After a three-day right of rescission, the loan will fund.

Your Payment Options:

- A line of credit
- An up-front lump sum
- Monthly payments for a predetermined amount of time
- A combination of a lump sum, monthly payments, and a line of credit

Scenario: Bill and Linda

Bill and Linda are married with two children and they own their home. Their home is worth \$150,000 and is in good condition. They have two mortgages with a combined outstanding balance of \$32,000 and their mortgages cost a total of \$670 every month.

They qualify for three basic scenarios based on their ages, home value, and current interest rates.

- An initial lump sum amount of \$21,200 with \$38,400 available after the first year
- A line of credit with a \$59,600 limit, including a growth feature
- A monthly disbursement of \$410

The costs involved in a reverse mortgage transaction are similar to forward mortgage loan products. Typically, there is an FHA mortgage insurance premium, third party

fees, and an origination fee. Bill and Linda have chosen to finance their costs as part of the loan so as to avoid any out-of-pocket expenses.

After discussing their options with their reverse mortgage specialist, their HUD-approved financial counselor, their family, and each other, Bill and Linda decide that a line of credit best suits their needs. They decide to use the proceeds of their loan to pay off their existing debt and cover the costs of their medical needs, while leaving a significant amount available on their line of credit to use as needed.

After paying off their mortgages, their outstanding debts, and their medical costs, Bill and Linda have eliminated \$950 of monthly payments from their budget and still have additional funds available to them to use at their discretion.

Any remaining balance accrues interest based on the loan's interest rate. Bill and Linda are not required to make any monthly mortgage payments to reduce the balance or offset the interest for as long as they live in the home and remain current on homeowner's insurance, real estate taxes, and home maintenance.

After ten years, Bill passes away and Linda continues to live in the home without being required to make any payments on their reverse mortgage. Four years later, Linda also passes away. During the course of the preceding 14 years, Bill and Linda did not make any further withdrawals.

Bill and Linda's children decide to sell the home.

There are two possible scenarios that could occur when selling.

Scenario 1

The home has lost a great deal of value and they are only able to sell it for \$80,000. Bill and Linda's children send the net proceeds from the sale of the home to repay the mortgage, but are not required to pay the remaining balance. This balance is paid by the Federal Housing Administration, and the loan is considered satisfied.

Scenario 2

The home's value has increased and they are able to sell it for \$215,000. After repaying the mortgage and costs associated with selling the home, the remaining funds go to Bill and Linda's estate.

This example is for illustrative purposes only. Please contact a reverse mortgage specialist for more information.

Company Profile

Our Story

Reverse Mortgages.com, Inc. opened its independent office on July 31, 2014, bringing together an array of knowledgeable staff from the lending and mortgage industry. The company's origins date back to 2001, when Midcontinent Financial Center, Inc. was founded. Since 2009, we have been specializing in reverse mortgages. We are proud to exclusively provide financial solutions to senior homeowners who are unable to attain financing or who want to use their home's equity as a source of retirement funding. In 2015, our office space was renovated to provide the most up-to-date technology, so that we can better serve you. As our company continues to grow, we look forward to expanding our ability to help our clients find financial solutions that fit their lives.

Our Service

Our service is our best product. We realize the reverse mortgage process can seem daunting, so we are here to walk with you every step of the way, and we work diligently to provide you with the best customer service in the industry. Reverse Mortgages.com employees love coming to work due to our atmosphere of camaraderie and because they have an opportunity to make a meaningful difference in the lives of seniors across the country, everyday. Our loan officers are ready to answer any questions you might have. Their first priority is to help you understand reverse mortgages and make the process of obtaining one as streamlined as possible.

Contact us today to find out more about us or to begin your path toward financial freedom!

Our Mission

At Reverse Mortgages.com, our mission is: **To offer senior citizens the ability to live in their home and experience the freedom of financial security.** We accomplish this by providing a product that will tap into a home's equity and turn it into useable funds for people 62 years and older, while allowing them to continue owning and residing in their home.

We strive to reflect the following four core values in every aspect of our lives, everyday:



Contact Us

Personalized for you

- Secure a free, no obligation reverse mortgage quote
- Receive a personalized proposal and information packet with no charge or obligation
- Confidential advice from professional advisors



How We Can Help

- Access cash for lifestyle enhancements
- Create financial stability for retirement
- Manage your expenses
- Subsidize health care or home improvements

877.611.1329

3401 W. Broadway Business Park Ct., Ste 213, Columbia, MO 65203
Monday-Thursday 8 a.m. to 6 p.m. | Friday 8 a.m. to 5 p.m. Central Time or visit:

www.ReverseMortgages.com

NMLS# 1313859

If you have any questions throughout the process, your reverse mortgage specialist is here to help.
For answers to all of your reverse mortgage questions, contact us today.

These materials are not from HUD or FHA and were not approved by HUD or any government agency.



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