



A Quick Q&A Guide On How To Optimize Cash Flow Without Selling Your Home

What is a reverse mortgage?

- It's a special type of loan that enables individuals who are 62 years or older to convert some of their home's equity into tax-free¹ funds
- Unlike traditional equity loans, you 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, condominiums and townhomes, or a 2- to 4-unit dwelling
- 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 needed to qualify.²

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, appraised home value, and the county where the property is located

What are some of the benefits?

- The reverse mortgage customer retains ownership and lives in their home
- Cash advances can be used for any purpose
- Loan proceeds are not considered income and will not affect Social Security or Medicare benefits. However, your monthly reverse mortgage advances may affect your eligibility for some other programs. Consult either your local program offices or your attorney to determine how, or if, monthly reverse payments might affect your specific situation.

What type of interest rate options are there?

- The reverse mortgage is a variable-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-free¹ funds options

- Lump sum advances make funds immediately available
- Tenure plans provide fixed, monthly loan proceeds
- Line of credit makes funds 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, there are no out-of-pocket expenses
- The customer is expected to continue maintaining the property, paying the real estate taxes and homeowners insurance premiums

How is the loan repaid?

- The balance due can come from home sale proceeds, or from other resources such as savings, insurance or possibly applying for a new mortgage. There is no requirement that the home be sold, only that the loan be repaid.

Call me today!

1. Consult a tax advisor. 2. Reverse Mortgage borrowers are required to obtain an eligibility certificate by receiving counseling sessions with a HUD-approved agency. Family members are also strongly encouraged to participate in these informative sessions. Must be at least 62 years old. This information is accurate as of date of printing and is subject to change without notice. Call for more detailed program information. #103683 5/08

H.D. Vest Mortgage Services, Inc.

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