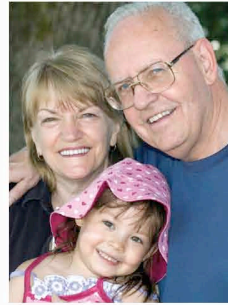


TOP TEN

FHA-INSURED PROGRAM FOR BUYERS, 62 AND OVER

# Reverse Mortgage Myths



**A reverse mortgage enables homeowners 62 and older to convert part of the equity in their homes into cash without having to sell the home, give up title, or take on a new monthly mortgage payment. The homeowner continues to pay insurance and taxes, live in and maintain home.**

The reverse mortgage is aptly named because the payment stream is “reversed.” Instead of making monthly payments to a lender, as with a regular mortgage, a lender makes payments to you. Below are common myths that are important for you to be aware of as you investigate the benefits of our product.

**Myth 1: I cannot get a reverse mortgage if I have an existing mortgage.**

**Fact: False.** If your house isn’t paid off, the proceeds you receive from the reverse mortgage must first be used to pay off any existing mortgage. This is the most common reason most homeowners 62 years and older take out a reverse mortgage.

**Myth 2: If I take out a reverse mortgage the lender will own my home.**

**Fact: False.** Homeowners still retain title and ownership to their homes during the life of the loan, and can choose to sell the home at any time. As long as the borrower continues to live in and maintain the home and property taxes and homeowners insurance are paid, the loan cannot be called due.

**Myth 3: There are restrictions on how reverse mortgage proceeds may be used.**

**Fact: False.** There are no restrictions. The cash proceeds from the reverse mortgage can be used for virtually any purpose and borrowers should be cautious of lenders attempting to cross sell other products. Many seniors have used reverse mortgages to pay off debt, help their kids, make ends meet or to have a financial reserve.

**Myth 4: Only low-income seniors get reverse mortgages.**

**Fact: False.** Although some seniors may have a greater need than others for the monthly proceeds or lump sum funds reverse mortgages offer, most simply prefer to be free of monthly mortgage payments. Without monthly mortgage payments, many homeowners find they can maintain their existing quality of life and build their savings to help with future expenses. A growing number of people who have no immediate need are taking out these loans so that they have a financial cushion for future expenses.

**Quinton Harris – Area Manager**

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## TOP TEN Reverse Mortgage Myths

**Myth 5:** If I outlive my life expectancy, the lender will evict me.

**Fact: False.** Reverse mortgage lenders put no time limit on how long the borrower(s) can stay in their homes. Since homeowners still own the property, lenders cannot evict them as long as the borrower continues to live in and maintain the home, and property taxes and homeowners insurance are paid.

**Myth 6:** A reverse mortgage will affect my government benefits.

**Fact:** A reverse mortgage generally does not affect regular Social Security or Medicare benefits. However, if you are on Medicaid, any reverse mortgage proceeds that you receive would count as an asset and could impact Medicaid eligibility. To be sure, we recommend that potential borrowers consult their federal benefits administrators or financial advisors.

**Myth 7:** There are no objective advisors available to seniors trying to decide if a reverse mortgage suits their needs.

**Fact: False.** Borrowers are required to work with independent, third party counselors approved by the U.S. Department of Housing and Urban Development (HUD) in their local communities. This educational session helps them make the right decision for their unique situations.

**Myth 8:** My children will be responsible for the repayment of the loan.

**Fact:** If the borrower or their estate wants to retain the



property, the balance must be paid in full. However, as long as the borrower or their estate sells the property to pay off the debt, there is no recourse if the HECM loan balance exceeds the home's value at maturity. Any equity remaining in the property after the reverse mortgage is retired belongs to the borrower or their estate.

**Myth 9:** Reverse mortgage lenders take advantage of seniors.

**Fact:** Seniors who have been victims of reverse mortgage lending schemes are extreme exceptions and typically victims of unsavory lenders. As a consumer, you should only work with reputable lenders. Protect yourself by conducting as much research as possible by consulting government agencies, your financial advisors and NRMLA, the National Reverse Mortgage Lender's Association.

**Myth 10:** I've heard I won't qualify for a reverse mortgage because of my limited income.

**Fact: False.** Most traditional mortgages require income qualifications and a monthly mortgage payment; however, the HECM (Home Equity Conversion Mortgage) reverse mortgage generally does not use income as a factor and it pays you. Many seniors who don't qualify for traditional financing are eligible for a reverse mortgage.

**Call us today and find out if a reverse mortgage is right for you!**

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