

THE HECM Reverse

www.TheHECMReverse.com
Phone: 866-225-6975

Why is it called a “reverse” mortgage?

The features of a HECM reverse mortgage essentially make it the reverse of a traditional "forward" mortgage. Instead of paying a lender, a lender pays you. Instead of turning your income into equity, you turn your equity into income. Having spent years repaying the mortgage that allowed you to buy your home, you can now draw upon that equity to help you with your retirement goals and **you can use the loan funds for any purpose you choose.**

How do I know a HECM reverse mortgage is the right choice for me?

Although a reverse mortgage may not be right for every individual, or every circumstance, there is a good chance that it will work for you. A requirement when you apply for a reverse mortgage is to speak with an approved reverse mortgage counselor. The Department of Housing and Urban Development (HUD) supervises counseling agencies that can work with you in person or, more commonly, over the phone. Contact The HECM Reverse at 866-225-6975 for counseling details.

How much money am I eligible for?

The amount depends on several factors including:

- The current value of the home and how much, if any, is owed on an existing mortgage
- Today's interest rates
- The age of the youngest homeowner/borrower (must meet the minimum age requirement of 62)
- FHA HECM reverse mortgage limit for your area

How do I receive the money?

You have the choice of:

- A one-time lump sum
- Equal monthly payments for a fixed period (HECM Term Payments)
- Tenure Payments – equal monthly payments for the length of the loan
- A line of credit – how much you want, when you want it up until the line of credit is depleted
- A combination of monthly payments and a line of credit to fit your needs (HECM Combination Payments)

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What are the fees associated with an HECM reverse mortgage?

In addition to interest, a reverse mortgage typically involves four types of fees:

- An origination fee
- Third-party closing costs
- Mortgage insurance premiums
- A monthly servicing fee

These fees can be financed through the loan or paid upfront to the counseling agency, separate from the loan.

Once I receive the payment on my reverse mortgage, will I still own my home?

Yes--you remain the owner for as long as you live in the home. Until you sell or move, you retain the title to your home. Unlike a traditional mortgage, however, your balance cannot exceed the value of your home when you sell it. So no matter how much money you receive through your reverse mortgage, you will never owe more than your home is worth. There is no repayment required as long as you live in your home.

How will a HECM reverse mortgage loan affect my heirs?

A common concern is that there may be nothing left to leave as an inheritance to your heirs. It is possible to leave the home to your heirs once HECM fees and interest are taken into account. More often though, the home's appreciation covers the interest of the loan. Since you only borrow a portion of the home's equity, there is often some equity available for the heirs of your estate, once the loan is paid in full. This means your children and other heirs may very well have something left after loan repayment. Most often, children and other heirs support their loved ones getting a reverse mortgage. They would rather have parents living comfortably, versus struggling from month to month. Seniors should always discuss major financial decisions with their heirs.

Will There Be Any Equity Left?

This depends on several factors including the size and frequency of your loan advances, increases or decreases in your home's value, and future interest rates. There are three instances where there will be some equity:

1. Even in a sluggish economy, California property values generally continue to rise.
2. With HECM reverse mortgages, you are only able to borrow a percentage of the equity.
3. If you choose a line of credit as a payment option, the line of credit can earn you more money, in the form of interest, on unused funds.

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How will a HECM reverse mortgage affect my taxes and benefits?

The IRS currently treats reverse mortgage proceeds as loan advances rather than as taxable income. So, in this regard, it is tax free income. Another benefit is that proceeds from The HECM reverse mortgage will have no effect on Social Security or Medicare benefits because they are not need-based.

Benefits such as SSI and Medicaid, however, may be affected if you carry any of your reverse funds over from one month to the next. You should check with your local benefits program administrator to determine how a reverse mortgage may affect your eligibility.

Am I eligible for a reverse mortgage if I currently have an existing mortgage?

Yes, but the current mortgage loan must be paid at the settlement of the reverse mortgage. Many times a reverse mortgage is used to pay off or refinance an existing loan.

My property is held in trust. Am I eligible?

Yes, but you must be the primary Trustee and eligible by age.

My children and I own the property in joint tenancy. Are we eligible?

Yes, if the children are at least 62 years of age and live in the property. Otherwise, the children would need to be taken off the title for you to receive the loan.

Are manufactured homes eligible?

Yes, as long as the home was built June 15, 1976 or later and have a permanent foundation that is approved by FHA. If your home does not have a permanent foundation it may be possible for it to be added with the proceeds of the reverse mortgage.

I've had some credit problems. Am I still eligible for a reverse mortgage?

Absolutely. This is another benefit to the HECM reverse mortgage loan. Credit and income are not considered in approving the loan. It is best to call, and discuss the circumstances.

What are the interest rates on HECM reverse mortgages?

Fixed or Variable. These loans carry variable interest rates that adjust monthly. With the Variable rate there is a lifetime cap. With a Fixed rate the rate is fixed for as long as you have the loan.