

# Reverse Mortgages Made Easy

A step-by-step guide

Courtesy of: SGIA



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# Introduction

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Deciding whether a Reverse Mortgage is the right decision should not be taken lightly. Knowledge and preparation are the pillars to making any important decision. This leads to peace of mind. We know that peace of mind comes not only in getting the Reverse Mortgage you need but also having the confidence in knowing you made the right decision.

There are many things that you need to consider **BEFORE** making your decision. The first place to start is dispelling many common myths you may have heard about Reverse Mortgages. These include:

- The bank will own my home. **False!**
- I will have to make monthly payments for this loan. **False!**
- My home must be paid off to qualify. **False!**
- I will end up owing more than my home is worth. **False!**
- I will be forced out my home. **False!**
- I can only use the money for specific purposes. **False!**
- I need good credit to qualify. **False!**
- Reverse Mortgages are only for desperate financial situations. **False!**

As you will discover in our Reverse Mortgage guide, many of the negative things you thought you knew about Reverse Mortgages are just not true. You will also find the answers to many questions you may have. We want to take the necessary time and carefully show you how a Reverse Mortgage has helped thousands of people just like you. We understand that you want a lender who will give you all of the information **BEFORE** you make your decision. Let us show you the way!

We have organized this guide into 5 sections that we feel are vital to understanding whether a Reverse Mortgage is the right decision for you.

The 5 sections are:

- Identifying Your Needs- You must know exactly what your specific needs are before getting a Reverse Mortgage. This is critical in choosing the right product.
- Learning About Reverse Mortgages- In this section we begin to lay out specific details of how a Reverse Mortgage works, who owns your home, how to qualify, and what the costs are.
- Finding The Right Reverse Mortgage- Once you have a basic understanding of what a Reverse Mortgage is and what it can and can't do, we will lay out some specific recommendations on the type of Reverse Mortgage product that is right for you.
- Finalizing Your Decision- Once you have the information and confidence you need, it is critical to reach out and get advice or input from others. We encourage you to consult family & friends, financial advisors, etc. In this section we lay out the questions you should consider when consulting others as you make your final decision about a Reverse Mortgage.
- Processing Your Loan- You have decided that a Reverse Mortgage is the right decision for you and your family. This section carefully lays out the process of completing the paperwork necessary to complete your loan. From application to closing you will know exactly what to expect.

## Section 1: Identifying Your Needs

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As all of us reach our retirement years our needs begin to change dramatically. Soaring health care costs, reduced monthly income, and desire for financial independence are all issues that become more important as time goes by. Each need and the circumstances surrounding it are as unique as the individual. There are many ways to address these needs but the most effective way is the use of financial resources. Money will never buy anyone happiness, but money can be used as a tool to reduce the stresses that are common in every senior's life.

In the following 5 steps, we will look at the most common needs that seniors are currently or will be facing. Each step will list associated common problems and issues. We will address the solutions to these from a monetary basis and how a Reverse Mortgage can improve your financial situation to solve these needs.

We highly recommend you read each step carefully. Although you may not have every need listed in each step, it is important to review them all should these needs arise unexpectedly.

The 5 steps are:

- Managing Health Care Costs
- Eliminating Mortgage Payments
- Gain Financial Independence
- Achieve a Better Lifestyle
- Family Needs

## 1 - Managing Health Care Costs

Medical costs are expected to double in the next 10 years .

[Senior Journal](#)

As most people are aware, health care and prescription drug costs are increasing and will continue to do so. This is expected to worsen as the first round of baby boomers reach retirement age in 2011. None of us plan on getting sick, but as we age it is something we would be foolish to not plan for. The National Council on Aging (NCOA) published an excellent report ( [Expanding the Use of Reverse Mortgages to Pay for Long Term Care](#)) in which they state, "One of the biggest risks to financial security in retirement is unanticipated long-term care expense."

Senior citizen benefit costs for the US Government have soared 24% since 2000.

[USA Today](#)

It is unlikely that Social Security or Medicare will be able to cover these increased health care costs. In spite of how much money you may have saved for retirement, it would be impossible to plan for predicted increases in health care costs. As reported by the Senior Journal, the average senior's [out of pocket drug costs more than doubled from 1997 to 2004](#). This equated to yearly out of pocket cost that went from \$819 to \$1,914.

How do you plan on making up the difference? Where will you get the extra money should any unanticipated medical condition arise? If you are one of the fortunate ones, perhaps you can make up the difference from your retirement savings. But why use the money you were planning on enjoying for health care costs?

Senior drug plan costs increase as much as 16%...including plans such as Medicare Part B, AARP Preferred, and Humana PDP

[Los Angeles Times](#)

### **A Reverse Mortgage can help you stay ready for unanticipated health care costs.**

Some examples of health care needs that can be met with a Reverse Mortgage:

- Medications, eyeglasses, hearing aid costs
- Physician and medical costs not met by Medicare and other Private Insurances
- In home care or support services
- Affording healthy foods
- Caring for others in the home
- Out of pocket drug costs
- Unexpected health emergency

## 2 - Eliminating Mortgage Payments

The goal of every homeowner is to someday be mortgage payment free. The most immediate benefit of a Reverse Mortgage is that it eliminates any current mortgage payment you may have.

A Reverse Mortgage not only pays off any existing mortgage(s), but it also allows you to receive additional income based on the equity in your home. A common misconception is that a Reverse Mortgage will pay off your mortgage(s) and then create another monthly payment for you. It does not. As long as you remain in your home you will never have another mortgage payment.

A Reverse Mortgage can financially help you to:

- Eliminate worries of being unable to make your current payments
- Stop a bank or tax foreclosure
- Offset the decrease in your income
- Fix up your home to fit your current needs
- Spend your mortgage payment money on a greater need

Remember that a Reverse Mortgage is still a mortgage against your home and must be repaid. When the last borrower is deceased or decides to not occupy the property, the loan must be repaid. As long as you meet the minimum occupancy requirements you will NOT have a mortgage payment. More information regarding occupancy guidelines can be found in the Section 2 under [Questions About Title and Home Ownership](#).

**With a Reverse Mortgage you can finally realize your dream of being completely mortgage payment free!**

## 3 - Gain Financial Independence

In counseling and talking with seniors, our experience has taught us one thing: the amount of independence a senior feels he or she has can be influenced by the relationships with their family members.

As individuals grow older there is often a feeling of entitlement to certain things in life. The many experiences and relationships we encounter and survive, give us the right to entitlements such as independence. Independence, with the support of family members, gives us peace of mind and helps us enjoy the fruits of our labor.

### *Family Relationships and Reverse Mortgages – Their Stories*

*Judy N.--*

*Judy had heard about Reverse Mortgages and wanted some more information about them so she could travel a bit more. Although she had been widowed for some time Judy still had a very independent spirit and desired to get out more. Her daughter however, was always worried that her mother would make the wrong decision. She just didn't trust her mother's decision making.*

*When Judy inquired about getting a Reverse Mortgage she mentioned that her daughter would be very skeptical about her decision. The daughter was contacted immediately and asked to include her ideas and opinions during the planning process of the Reverse Mortgage. Once the daughter became educated about Reverse Mortgages and was able to give her input and understand the details, she realized that her mother was trying to make an informed decision. In the end the daughter no longer had any reservations about her mother's decision making abilities.*

*Martin and Nancy L.--*

*A married couple, Martin and Nancy, both had special health care needs that required daily assistance from their children. All of the children worked and had families of their own. The children were happy to help their parents out but Martin and Nancy were tired of having to rely on them all the time and wanted to find a way to pay for part time in-home care.*

*Martin and Nancy decided to consult a Reverse Mortgage expert. After a few consultations a specific Reverse Mortgage plan was presented to the entire family. The children were able to see exactly how their parents could benefit from a Reverse Mortgage. Now Martin and Nancy have the financial independence to pay directly for their in-home care without feeling like a burden to their children.*

*Patricia W.--*

*Patricia had a very strong relationship with her family. However, her family rarely concerned themselves with her financial affairs. Patricia was interested in exploring what a Reverse Mortgage could do to help out her family financially as well as plan for any unexpected emergencies that might happen. Patricia's immediate concern was not having any family members she could consult, for advice.*

*Patricia contacted a Reverse Mortgage expert and learned how she had several choices in meeting her needs. Her advisor also recommended talking with a financial planner or accountant to get a second opinion about her options.*

*After consulting with the financial planner she felt the Reverse Mortgage would best meet her needs. She commented that she felt more confident in her ability to make difficult decisions. Successfully getting the right Reverse Mortgage product gave her the independence to make better future decisions.*

There are many ways a Reverse Mortgage can help you gain personal and financial independence:

- Receive extra income to cover needs
- Eliminate mortgage payments
- Afford in home support and services on your own
- Extra income to help pay off debts
- Eliminate the need for others to contribute or make financial decisions for you

## **4 - Achieve a Better Lifestyle**

How much of your life have you spent working hard and saving for retirement? Now that retirement is here, how much of that savings are you actually enjoying? Remember the old refrain, "you gotta live?"

Too often we focus on the needs in our lives that are practical but many times unfulfilling. What typically gets left out is the need for fun, excitement, personal enjoyment, and rewarding experiences. The ability to engage in these requires not only money but the peace of mind in knowing its ok to spend the money.

**Keep a Positive Outlook:**

“...depressive symptoms seem to be a precursor of the development of future disease.”

[Caroline Blaum](#)  
[University of Michigan](#)

We want to help you plan to take the steps necessary for a *better* lifestyle. Here are some of the ways a Reverse Mortgage can give you a better lifestyle.

- Afford in-home services to free up time for yourself - house cleaning, lawn service, etc.
- Take a dream vacation - take a cruise, see Europe
- Fix up your home - covered patio, new roof, spa
- Afford foods that are healthy and enjoyable
- Afford health care support services
- Save money to get out and enjoy a movie or nice dinner
- Visit distant family members and stay in a hotel
- Have more money for leisure activities - tennis lessons, golf membership

## 5 - Family Needs

The most overlooked step in the Reverse Mortgage decision process is failing to discuss these matters with close family members. Your loved ones want to see that you get only the best advice and that you live your life the way you want too. Family members are concerned for your well being. This is why we actively encourage our clients to speak with and consult their friends and family. There is no substitute for getting outside help from others.

Once you have included others in your decision process we invite you to have them specifically review Section 4 of this guide, [Finalizing Your Decision](#). This section answers many of the most common questions family members and friends have about Reverse Mortgages. The section also gives additional links and guidance in understanding the process you are going through. As always, we encourage your family and friends to contact us directly so that we can answer any question they have about us or Reverse Mortgages.

**Personally knowing that your decision to get a Reverse Mortgage is good but knowing that friends and family agree with and support your decision is best.**

# Section 2: Learn About Reverse Mortgages

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## 1 - What is a Reverse Mortgage?

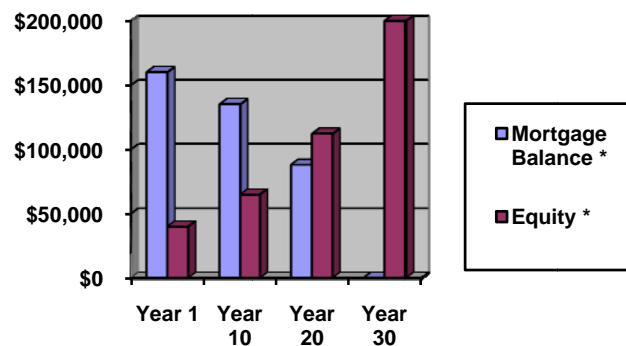


Simply, a Reverse Mortgage is a loan against your home that pays you money from the built up equity and requires no monthly payments for as long as you remain in your home.

### *Reverse Mortgage Basics*

To illustrate, let's compare a Reverse Mortgage to the traditional regular mortgage you are probably more familiar with. A regular mortgage has the following characteristics:

- You own your home
- You make monthly payments
- Your debt decreases
- Your home equity increases
- Missing monthly payments can lead to foreclosure

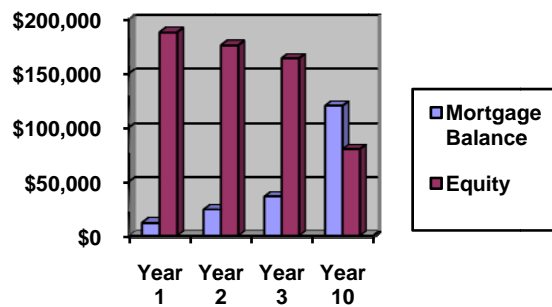


This graph shows how making monthly payments on a regular mortgage of \$150,000 will decrease your debt and increase your equity over time. \*Not adjusted for inflation or value appreciation.

Here are the characteristics of a Reverse Mortgage:

- You own your home
- You make **no** monthly payments
- Your debt increases
- Your home equity typically decreases
- Since there are no required monthly payments, you cannot be foreclosed on

This graph shows how a Reverse Mortgage will increase your mortgage balance as your equity decreases. For this example we used a Reverse Mortgage that would pay the homeowner \$1000 per month for life.



It is important to understand that your equity does not decrease automatically. There are several factors that can increase your equity in spite of receiving income from the Reverse Mortgage.

1. **Appreciation.** The average appreciation rate over the last 30 years is roughly 4%. Of course this number can be much greater as was evidenced during the last real estate boom. The point to remember is that a Reverse Mortgage does not automatically take away appreciation gains you may realize. A reverse mortgage uses the equity you decide to pull out of your home.
2. **Growth Rate.** Many Reverse Mortgage products offer a growth rate on the unused portion of your loan. This amount is kept in a credit line that you are free to access any time. The unused amount grows monthly as if it were in a CD or savings account. Again, this can increase the equity in your home.

Additional details on appreciation and growth rates can be found in section 3; [How much cash can I set aside?](#)

### *Principle Loan Amount - How much can I get?*

The amount of money available to you through a Reverse Mortgage primarily involves a blending of 4 different factors.

- **The location of your home.** The FHA keeps a list of loan limits for each county in the US. The amount of money available to you is based on these loan limits. Proprietary Reverse Mortgages not insured through FHA use their own criteria
- **Your age.** Reverse Mortgage loan amount calculations are based on the borrower living to 100. This is a nice thought but most of us will never live that long. However, the older you are the more money you will qualify for.
- **Your home's value.** The more equity you have in your home the greater the amount of money the bank will give you.
- **The amount of any current mortgages you have.** Any mortgages or lines of credit which use your home as collateral must be paid off. If you use the Reverse Mortgage to pay these off, this will reduce the available equity which may then have an effect on how much money you qualify for.

Once the principle loan amount is established it will be the basis of how your Reverse Mortgage is structured. [Contact us](#) directly or use our customized [Reverse Mortgage Calculator](#) to find out exactly how much you qualify for.

### *Monthly Income Payments - How much income can I receive?*

Receiving monthly income payments is one of the most useful options a Reverse Mortgage offers. Although it is not mandatory to take monthly payments, this function of a Reverse Mortgage gives you tax free monthly income structured the way you want. Most Reverse Mortgages offer 2 ways to receive monthly payments from the equity in your home.

The 1<sup>st</sup> option is called a TERM PAYMENT. You designate the length of time (years or months) you would like to receive monthly income. Based on the net principle loan amount, your monthly payments will be calculated for your desired length of time or TERM. An example of someone who would typically select a TERM PAYMENT, knows they will only be in their home for 5 to 10 years, thus receiving monthly payments from 60 to 120 months.

The 2<sup>nd</sup> option is called a TENURE PAYMENT. This is a monthly payment you receive for as long as you live in the home. This can never be reduced or taken away as

long as you maintain the [basic residency requirements](#). If you do not plan on leaving your home then a TENURE PAYMENT is usually the best choice.

### ***Credit lines and Cash Out – How much cash can I get now and in the future?***

A Reverse Mortgage also gives you the ability to take a lump sum of cash at closing, keep a credit line that you can access at anytime for any reason, or a combination of both.

For example, let's say you have \$100,000 available to take out of your home. Assuming you choose not to use any of this money for monthly TERM or TENURE PAYMENTS, there are 3 different ways you can use this money.

1. You can choose to take all \$100,000 as a lump sum at closing. There would be no mortgage payments due for as long as you remained in your home.
2. You can keep all \$100,000 in a credit line that you could access whenever you want and for any amount you want, up to the \$100,000
3. Or any combination of 1 or 2. You could take \$40,000 at closing and keep the remaining \$60,000 in your credit line. This is typically the most suitable option and one that most people choose.

Depending on the loan you choose a credit line includes a growth rate that will increase the balance of your unused credit line over time. You can access this money at anytime, but the longer it stays in the credit line the more interest you will collect. This is putting your homes equity to work! We explain the additional benefits of the credit line in Section 3 [How much cash do I set aside?](#)

Remember that your credit line and cash out options can also be combined with a TERM OR TENURE PAYMENT if you like. As you can see the options of a Reverse Mortgage are nearly limitless. All of these options are in more detail in [Finding the Right Reverse Mortgage](#).

### ***Types of Reverse Mortgages***

Reverse Mortgages are divided into 2 types, HECM and Proprietary. It should be noted that since the severe economic downturn started in 2008, many lenders have suspended or discontinued jumbo and other proprietary Reverse Mortgage products. It is difficult to estimate when and in what capacity these types of products will return. We will include some of these jumbo products in our guide for demonstrative purposes, but please contact us directly for availability.

To pick up the slack of discontinued or suspended jumbo reverse mortgages, the FHA increased their lending limits to above \$400,000.

- The FHA insured (HECM) or Home Equity Conversion Mortgage
- Fannie Mae's HOME KEEPER
- Jumbo Reverse Mortgages such as Financial Freedom's CASH ACCOUNT-  
(TEMPORARILY SUSPENDED)

### HECM

PROS	CONS
<b>FHA Insured</b>	Smaller Available Loan Amounts
<b>Multiple Monthly Payment Options</b>	Mortgage Insurance Required
<b>Multiple Cash Out Options</b>	Not A Short Term Solution
<b>Fixed or Adjustable Rates</b>	More Costly

### Fannie Mae's HOME KEEPER-(DISCONTINUED)

PROS	CONS
<b>Good For Purchases</b>	No Credit Line Growth Rate
<b>Lower Closing Costs</b>	Fewer Options Than HECM
<b>No Mortgage Insurance</b>	Not FHA Insured
<b>Higher Loan Amounts</b>	

### Financial Freedom's CASH ACCOUNT-(TEMPORARILY SUSPENDED)

PROS	CONS
<b>Jumbo Loan Amounts</b>	Mostly Benefits Larger Home Values
<b>High Fixed Credit Line Growth Rate</b>	Not FHA Insured
<b>No Mortgage Insurance</b>	No TERM or TENURE Payment Options
<b>Lower Closing Costs</b>	
<b>Equity Preservation Option</b>	

Although there are some very distinct differences between Reverse Mortgage products, they all share important common traits.

- **Homeownership.** You will remain the owner of your home.
- **Repayment.** When the last surviving borrower dies, sells, or permanently moves from the home, the loan must be repaid.

- **Financing Costs.** A Reverse Mortgage has financing costs similar to a regular mortgage.
- **Loan Amounts.** The amount of money available to you depends on what you qualify for.
- **Debt Payoff.** If you have an existing mortgage it must be paid off. The money from the Reverse Mortgage can be used to do this.
- **Non-Recourse Loan.** No lender can ever collect more than what you owe.

## 2 - Questions about Title and Home Ownership

Some of the biggest misconceptions about Reverse Mortgages concern the ownership of your home. Who legally has title, and how does a Reverse Mortgage affect your beneficiaries?

**Question:** Will I give up or lose ownership and title in my home if I get a Reverse Mortgage?

**Answer:** No.

A Reverse Mortgage works the same way your regular mortgage did. You will continue to maintain ownership and title to your home. The bank will hold a lien against your property for the balance of the Reverse Mortgage but the ownership and title of your home will remain as it is.

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**Question:** Are there any minimum requirements to keeping a Reverse Mortgage?

**Answer:** Yes.

As with all mortgages there are certain conditions that must be met to keep your loan from defaulting or requiring early repayment. They are:

- Paying your property taxes on time
- Maintaining basic repairs and upkeep of your home
- Keeping your home insured

Please note that in most circumstances your property taxes and insurance can be included in your loan if you so choose.

There are some additional conditions that could cause a default or immediate repayment of your loan. They are:

- Declaration of bankruptcy
- Eminent domain or condemnation
- Fraud or misrepresentations by you
- The abandonment of your home
- Taking out additional loans against your home
- Adding a new owner to your home's title
- Renting out part or all of your home
- Changing your home's classification

In addition to this, all Reverse Mortgages become due when the last surviving borrower permanently leaves the home for one continuous year. This could be caused by death, moving, selling the home, or relocation to another residence.

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**Question:** What are the options for paying off the Reverse Mortgage?

**Answer:** Many.

- *Option 1:* You decide to sell your home. The proceeds of the sale are used to pay off the Reverse Mortgage. Any remaining money from the sale is yours or your beneficiaries.
  - *Option 2:* After you have permanently left the home, the bank sells the home to pay back the loan. You or none of your beneficiaries owe anything. After the loan is repaid any remaining money from the sale is given to you or your beneficiaries.
  - *Option 3:* You or your beneficiaries secure a new regular loan to pay off the balance of the Reverse Mortgage and the ownership remains as you like.
  - *Option 4:* You or your beneficiaries simply pay off the Reverse Mortgage balance. Ownership remains as you like.
-

**Question:** What if I owe more than my home is worth? Do I have to pay back the difference?

**Answer:** No.

Reverse Mortgages are non-recourse loans meaning that the bank has no legal recourse outside the value of your home. They can never go after any of your income or assets. **Put simply, you can never owe more than what your home is worth.**

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**Question:** What happens to any equity that still remains in my home?

**Answer:** You or your beneficiaries would receive all the equity above what is owed on the Reverse Mortgage.

Once you have permanently moved from the home, you or the bank can sell the home. The proceeds are used to pay the balance of the Reverse Mortgage. If the proceeds exceed the loan debt, you or your beneficiaries would receive the difference in a lump sum. Not the bank.

### 3 - Qualifying For a Reverse Mortgage

The qualifications for a Reverse Mortgage are very simple. You must own your home and be at least 62 years of age. There are no credit or income qualifications. There is not a minimum amount of money you need in the bank.

Regular loans qualify a borrower by factoring in credit score, monthly income, cash reserves, etc. Qualifying for a Reverse Mortgage is **NOT** based on any of these factors. You could have bad credit, no money in the bank, no monthly income, and still qualify for a Reverse Mortgage.

The amount of money available to you however is dependent on factors that include your home's value, the zip code you live in, your age, and any current mortgages you may have. Depending on the type of Reverse Mortgage you choose, these factors can have a significant impact on the amount of money available to you. This is explained in more detail in Section 2, [Principal Loan Amount](#).

It is out of the scope of this guide to give you the exact amount of available money for your unique situation. We will briefly discuss how each factor plays into the calculations that determine your principle loan amount. We highly recommend you [contact us](#) directly to discuss your needs first. Our customized [Reverse Mortgage Calculator](#) is also available.

The following factors are not necessarily weighted equally. Each lender and Reverse Mortgage program views the value of these factors differently. What is important to understand is that a blending of these factors will ultimately determine the amount of money available to you.

- **The location of your home:** Most Reverse Mortgage programs use zip code or county tables that determine the maximum loan amount available. Most of these are set by the FHA.
- **You're Age:** Reverse Mortgages assume the borrower will live to 100. This is a nice thought but most of us will never live that long. However, the older you are typically the more money you will qualify for.
- **Your Home's Value:** The amount of equity in your home is an important factor the bank will look at. The more equity you have in your home the greater the amount of money the bank will give you.
- **Current Mortgages:** Any mortgages or lines of credit which use your home as collateral must be paid off. If you use the Reverse Mortgage to pay these off, this will reduce the available equity which may then have an effect on how much money you qualify for.

## 4 - Reverse Mortgage Products

Prior to 2009 and the severe economic downturn there were a wide variety of Reverse Mortgage products available. These ranged from products offered by Fannie Mae to Jumbo products from Financial Freedom. However, over 90% of all Reverse Mortgages originated are the FHA HECM products. The reasons for this are simple. HECM products offer the most flexibility and the most stability.

Reverse Mortgages not insured by the FHA as well other similar types of products are referred to as proprietary products. We will offer a few examples of some proprietary products and will refer to them as such. The examples we offer are for comparative purposes only. Please contact us directly with any questions you may have.

### *Home Equity Conversion Mortgage (HECM)*

The HECM Reverse Mortgage offers the greatest amount of flexibility. At the date of this guide's publishing, there are several available HECM products with more being introduced in the future. We will focus primarily on the following offerings:

- HECM150
- HECM175
- HECM200
- HECM310
- HECM Fixed

All products offer the same basic features with the exception of the HECM Fixed which we will explain last. The first 4 loans in the list are adjustable rate mortgages. These loans use terms that are important in understanding the different types of products. These terms are also used in calculating your interest rate, monthly income payment and credit line growth rates. Don't worry if you don't completely understand every term. Our Reverse Mortgage counselors can help you with any questions you may have.

Let's look at some important terms that will help you understanding how Reverse Mortgage's work:

**Margin:** A fixed number added to the treasury rate or index to determine the initial note rate, expected rate, and growth rate.

**Treasury Rate:** The rate for US Treasuries. Two types of treasuries are used for HECM loans; the 1 year (CMT) for the note and growth rates, the 10 year for the expected rate.

**LIBOR Rate:** The rate for the London Interbank Offered Rate. This is an alternative index that can be used instead of the Treasury rate.

**Index:** The treasury rate is sometimes referred to as an index. An index is a number that banks use to reflect an interest rate tied to an underlining security. Some lenders are now offering HECM loans that use the London Interbank Offered Rate (LIBOR). The LIBOR is an international index that reflects the interest rates bank charge one another. The LIBOR is very common with forward adjustable rate loans.

**Expected Interest Rate:** This is the rate that determines the amount of money available to you. This rate uses a margin plus the 10 year treasury. You are not charged this interest rate for your loan.

**Note Rate:** The rate at which you will be charged for money you use from your home. This is often referred to as the initial note rate. The note rate uses the 1 year treasury (or LIBOR) plus the margin indicated in the type of HECM loan you choose. Because treasury rate adjusts, so will your note rate. This is what makes these types of HECM loans adjustable or variable. If the treasury rate is currently 1.6% and you chose the HECM150 with a margin of 1.5 then your rate would be  $1.6 + 1.5 = 3.1\%$ .

**Cap Rate:** The maximum rate the bank may charge you. The cap rate is dependent on whether your HECM loan adjusts monthly or yearly. The HECM150, 175, and 200 adjust monthly. The HECM310 adjust yearly. For monthly adjustable rates the cap cannot exceed 10 percentage points of the initial note rate. For yearly adjustable rates the cap cannot exceed 5 percentage points of the initial note rate and no more than 2 percentage points per year. Banks do not control how rates move. Banks can only cap how high the rate goes based on HUD guidelines.

**Growth Rate:** The interest rate at which money in your credit line will grow yearly. For HECM loans this rate is always .5% higher than your note rate. So if you have \$100,000 in your credit line and the growth rate is 3.6% then at the end of the year your credit line balance would be \$103,600.

The difference between these first four HECM products listed above primarily rests with the margin and the adjustment period. For example, the HECM150 has a margin of 1.5% the HECM175 has a margin of 1.75%, and so on. The changes in the margin have an effect on the note, cap, and growth rate as well.

The adjustment periods vary between monthly adjustable and yearly adjustable. Please see the [Program Info pages](#) on our website for more product information.

As a general rule:

**The lower the margin,**

The lower the note rate

The lower the cap rate

The lower the growth rate

**The higher the margin,**

The higher the note rate

The higher the cap rate

The higher the growth rate

We give you some specific examples in [Section 3, Finding the Right Reverse Mortgage](#) and in our [Program Info](#) pages found at our website.

The HECM FIXED is a fixed rate Reverse Mortgage. None of the other factors we discussed above are applicable with the HECM FIXED because this product has a fixed rate of interest that never changes. This type of loan is for people who meet very specific criteria. Please [contact us](#) to see if this is the right Reverse Mortgage for you.

### ***REX Agreements***

Rex Agreements are a fairly new product. What is important to understand about these is that they are NOT Reverse Mortgages. They are not loans and they are not insured by the FHA.

A REX Agreement is basically an equity sharing agreement where the REX company will give you anywhere from 10-20% of your homes equity in cash up front in exchange to share in any gain or loss on your property once the property is sold.

We do not sell or endorse these products in any way. Please consult with a professional before deciding on a REX Agreement.

## 5 - What are the costs?

Cost should always be a factor in deciding whether a Reverse Mortgage is right for you. Typically, the costs for a Reverse Mortgage are similar to a regular mortgage. Below are the different categories of costs that are associated with a Reverse Mortgage. Not all of these costs are part of every Reverse Mortgage. Most of these costs are typically financed through the Reverse Mortgage so that little or no money is required out of pocket. Contact us for a detailed explanation of the costs associated with your loan.

### **Settlement Costs:**

All loans whether they are regular or reverse have certain inherent costs. Settlement costs are related to title, escrow, and settlement related services. These are real services that must be paid for in order to close any type of loan.

### **Servicing Set-Aside Fee:**

Due to the complexity of options on your Reverse Mortgage, banks typically charge a servicing fee for the monthly servicing of your loan. This fee covers updating your statements, applying any changes you request on your loan, and certifying occupancy and maintenance of the home

The HECM products require that a SERVICING SET-ASIDE be paid up front (usually paid through the loan, no money out of your pocket). The set-aside reflects the future costs of servicing your loan. There are often many questions from seniors regarding this fee. It is important to understand that all regular mortgage loans have servicing fees as well but these fees are typically built into the interest rate. A Reverse Mortgage does not build these fees into the interest rate.

Should you decide to pay off the Reverse Mortgage early, all remaining money in the SERVICING SET-ASIDE will be returned to you.

### **Mortgage Insurance Premium (MIP):**

One of the cost advantages of proprietary Reverse Mortgages is that they do not require mortgage insurance. Conversely, all HECM products require mortgage insurance. Although a cost disadvantage, mortgage insurance is what ensures your loan is guaranteed no matter what circumstances arise.

For those of you who may not know, mortgage insurance is an insurance policy that is taken out in the event that the lender's interest in the loan is compromised due to unforeseen circumstances. This insurance policy would pay

back the lender for any damages that occurred. The premium for this policy however, is paid by you-the borrower. It is important to note that this insurance policy is what protects you from any unforeseen events like a rapid decrease in home values or a bank failure. You can rest easy knowing that your home is insured.

The Mortgage Insurance Premium (MIP) for HECM loans will not come directly out of your pocket. This premium is paid up front out of your gross principle loan amount. Once this and other closing costs are deducted the net amount is yours to do with as you please.

**Appraisal Fee:**

Once you have decided a Reverse Mortgage is right for you, an appraisal of your home will be required. A HUD certified appraiser will be used to determine the value of your home. The appraisal fee is typically paid out of your pocket, but this is not always the case.

**Origination:**

The loan origination is the amount that the bank or broker may charge you for doing the loan. This amount does not directly come out of your pocket. The loan origination is typically included in the loan.

**Debt payoff:**

Any debt that you pay off through the Reverse Mortgage is deducted from your gross available funds. *These are not closing costs as they reflect debts you already have.*

**Property Tax and Insurance:**

Your property taxes and insurance can be paid for you through the Reverse Mortgage if you so choose. If you elect to do this, a tax and insurance set-aside is required. This will reduce the net available funds to you. *This is not a direct closing cost as it reflects a cost you pay anyway.*

## Section 3: Finding the Right Reverse Mortgage

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In order for us to make the right recommendation for you, there are 5 basic questions you must ask yourself.

1. How much money do I need?
2. How long do I plan on living in my home?
3. How do I want to structure my loan?
4. How much monthly income do I need?
5. How much cash do I set aside?

We will carefully help you answer each of these questions as you proceed through this section. It is important to remember that all the questions are interconnected. You may find that as you answer each question you may decide to go back and revise your previous answers. This is quite normal. Balancing the importance of each answer will yield the right Reverse Mortgage for you. At any time you can contact one of our Reverse Mortgage counselors to help you through this process.

### 1 - How much money do I need?

As we talked about in section 2, [What is a Reverse Mortgage?](#), there are many different ways to access your money through a Reverse Mortgage. Before you decide how you want your money, we must look at how much money is available to you.

For simplicity we are going to use the same example for this entire section. Our example is an individual that is:

- 75 years of age
- lives in Riverside, CA
- has no current mortgage
- does not take any lump sum money at close

To differentiate between products our example will use hypothetical home values of \$250,000, \$600,000, and \$1,000,000. This will allow you to see how much money is available to you within each product based on your home value. These numbers are based on rates as of the date of this publication. Contact us to work the numbers up for your specific situation, or use our customized [Reverse Mortgage Calculator](#) on our website.

### HECM Products - How much money can I get?

	HECM150	HECM175	HECM200	HECM310	HECM FIXED
Home Value	Loan Amount	Loan Amount	Loan Amount	Loan Amount	Loan Amount
<b>\$250,000</b>	\$165,005	\$165,140	\$165,269	\$142,991	\$140,550
<b>\$600,000</b>	\$242,870	\$243,005	\$243,145	\$210,254	\$206,685
<b>\$1,000,000</b>	\$242,870	\$243,005	\$243,135	\$210,254	\$206,685

The first chart shows how much money you could get with each type of HECM Reverse Mortgage. Notice how the amount available to you does not change from \$600,000 to \$1,000,000 this is because the amount available to you, after a certain home value point, will not increase. Remember the FHA uses loan limits based on where you live and the maximum amounts are much lower than proprietary loan limits. If your home value is significantly higher and you want to use more of your equity, then a proprietary Reverse Mortgage could be a better choice than the HECM. Availability of jumbo proprietary products varies.

## 2 - How long do I plan on living in my home?

The amount of time you see yourself living in your home can be an important factor in deciding what type of Reverse Mortgage is right for you. Most people who plan on living in their home for the foreseeable future will choose a **TENURE** based loan. While living a shorter time in the home makes **TERM** based loans a better choice. If you plan on living in your home for less than 2 or 3 years we would not recommend getting a Reverse Mortgage unless there were unique circumstances.

### HECM Products – TERM vs. TENURE Payments

	HECM150	HECM175	HECM200	HECM310	HECM FIXED
Term Type	Monthly Payment	Monthly Payment	Monthly Payment	Monthly Payment	Monthly Payment
<b>5 Years</b>	\$3,141	\$3,162	\$3,183	\$2,825	N/A
<b>10 Years</b>	\$1,787	\$1,808	\$1,830	\$1,661	N/A
<b>Lifetime</b>	\$1,014	\$1,039	\$1,065	\$1,018	N/A

The first chart shows the difference between the HECM **TERM** and **TENURE** loans. If for example you know that you will not be living in your home past 10 years then you may want to settle for a **TERM** type loan. This gives you higher monthly payments than the **TENURE LOAN** but does not last as long.

The **TENURE** on the other hand gives you lifetime payments no matter what. This is the best choice when you have no plans of leaving your home or if you are not sure how long you plan to stay. The **TENURE** plan gives you the security in knowing your home is going to continue to provide for you as long as you remain in your home.

Since the fixed HECM loan (HECM **FIXED**) requires you take all of the money upfront, there are no monthly payment options.

### 3 - How do I want to structure my loan?

Knowing exactly how a Reverse Mortgage works gives you the ability to carefully examine how you want to structure your loan and achieve your goals. As we explained in [Reverse Mortgage Products](#) most Reverse Mortgages are adjustable. Finding the right balance between the note, cap, and growth rates is critical to your peace of mind. Let's look at the chart below.

#### HECM Products – Comparing Rate Types

	HECM150	HECM175	HECM200	HECM310	HECM FIXED
<b>Rate Type</b>					
<b>Note</b>	3.13%	3.38%	3.63%	4.73%	6.81%
<b>Cap</b>	13.13%	13.38%	13.63%	9.73%	6.81%
<b>Growth</b>	3.63%	3.88%	4.13%	5.23%	0.00%

In the chart above you will notice the [Note Rates](#) (or initial rate) increase as we move from right to left. Remember that the note rate is calculated by adding the 1 year treasury (or [LIBOR](#)) plus the margin. For the HECM150 the margin is equal to 1.50%, for the HECM175 the margin is 1.75% and so on.

What are the benefits of taking a higher note rate? If you look at the growth rate you will notice that as the note rate goes up so does the growth rate. For HECM products the growth rate is equal to the note rate plus .5%. This means that any money you leave in the credit line portion of your Reverse Mortgage will grow annually at that rate. For example, if you have \$50,000 in your credit line and you have the HECM150 then each year you leave that \$50,000 in your credit line your balance will grow by \$1,815 ( $\$50,000 \times 3.63\% = \$1,815$ ).

There are important facts to remember about growth rates. If you choose an adjustable rate product and the note rate increases, your growth rate will equally increase. This protects you from being charged interest at a higher rate than what your credit line growth rate is.

Notice that on the HECM FIXED (fixed rate) there is no growth rate. This is because when you elect for the fixed rate you must take the entire loan balance in one lump sum payment at closing. Therefore there is no money in the credit line to grow.

Finally we need to look at the [cap rate](#). This tells us what the maximum rate of interest would be for your Reverse Mortgage. The cap rate does not mean that your loan will go to this rate automatically. On the HECM Products chart, notice how the higher initial note rate you take, the higher the cap rate.

As a general rule:

**The lower the margin,**

- The lower the note rate
- The lower the cap rate
- The lower the growth rate

**The higher the margin,**

- The higher the note rate
- The higher the cap rate
- The higher the growth rate

When comparing rate types between Reverse Mortgage products you don't always get an apple to apple comparison. As we explained in section 2, [Reverse Mortgage Products](#), these propriety Reverse Mortgage products were developed to fit more specialized needs that could not be met through the HECM based products.

The last factor you need to consider in choosing your loan structure, is whether you prefer a monthly or annual adjustable rate. Of course if you choose the HECM Fixed, which is a fixed rate loan, this does not apply to you. Since most people choose the adjustable products let's look at the differences.

Monthly	Caps	Annual	Caps
<b>HECM150</b>	10% Above Note	<b>HECM310</b>	5% Above Note
<b>HECM175</b>	10% Above Note		
<b>HECM200</b>	10% Above Note		

The concept is very simple. Annual or yearly adjustable products such as the HECM310 will adjust their rates once a year. This adjustment date coincides with the date you originally closed your loan. This rate will continue for the next 12 months and reset at the same time each year.

Most Reverse Mortgage products adjust monthly. This means that each month your note rate will adjust to whatever the 1 year treasury or LIBOR is, plus the margin. The chart above gives you an overview of which products are annual and which are monthly.

## 4 - How much monthly income do I need?

The amount of monthly income you need will directly affect the amount of any emergency money you may want to set aside in your credit line. They have a direct effect on each other. Questions 4 and 5 of this section will address this balancing act.

As you discovered when you [identified your needs](#) in the 1st Section, monthly income is critical to gaining peace of mind. The question you must ask is, “how much do I need?” You certainly will need to sit down and carefully write down your monthly budget and see where the shortfalls are. In addition to that, you will need to think about the possibilities of needing emergency money on hand. Let's look at the charts below.

### Based on a Home Value of \$250,000 – How much monthly income can I get?

	HECM150	HECM175	HECM200	HECM310	HECM FIXED
<b>Credit Line Amount</b>	<b>Monthly Payment</b>	<b>Monthly Payment</b>	<b>Monthly Payment</b>	<b>Monthly Payment</b>	<b>Monthly Payment</b>
<b>\$0.00</b>	\$1,014	\$1,039	\$1,065	\$1,018	\$0.00
<b>\$50,000</b>	\$706	\$724	\$742	\$662	\$0.00
<b>\$75,000</b>	\$552	\$567	\$581	\$484	\$0.00

Using our same [example](#), a home worth \$250,000 will give you a monthly payment for life that exceeds \$1,000. This however, will leave you with no money left over in your credit line. You can clearly see increasing the size of the credit line will lower the monthly TENURE (lifetime) payments.

### Based on a Home Value of \$600,000 – How much monthly income can I get?

	HECM150	HECM175	HECM200	HECM310	HECM FIXED
<b>Credit Line Amount</b>	<b>Monthly Payment</b>	<b>Monthly Payment</b>	<b>Monthly Payment</b>	<b>Monthly Payment</b>	<b>Monthly Payment</b>
<b>\$0.00</b>	\$1,491	\$1,528	\$1,566	\$1,497	\$0.00
<b>\$50,000</b>	\$1,184	\$1,214	\$1,244	\$1,141	\$0.00
<b>\$75,000</b>	\$1,031	\$1,056	\$1,082	\$963	\$0.00

**Based on a Home Value of \$1,000,000 – How much monthly income can I get?**

	HECM150	HECM175	HECM200	HECM310	HECM FIXED
Credit Line Amount	Monthly Payment	Monthly Payment	Monthly Payment	Monthly Payment	Monthly Payment
<b>\$0.00</b>	\$1,491	\$1,528	\$1,566	\$1,497	\$0.00
<b>\$50,000</b>	\$1,184	\$1,214	\$1,244	\$1,141	\$0.00
<b>\$75,000</b>	\$1,031	\$1,056	\$1,082	\$963	\$0.00

These examples show that the HECM products provide no additional monthly income benefits for high value homes.

Please note these examples are based on rates of the day this was published. For more current examples we encourage you [contact us](#) or use our customized [Reverse Mortgage Calculator](#). This advanced tool will show the balancing act between monthly payments and credit lines.

## 5 - How much cash do I set aside?

If you were faced with an unexpected emergency, would you have the money available to handle to it? A Reverse Mortgage has a component that can help you plan for such an emergency.

As we introduced in [Section 2](#), a Reverse Mortgage gives you the ability to set a part of your equity aside in a credit line. The credit line is available to you at any time. You can use the money in any way you like, tax free.

The question you need to ask yourself is how much do I need to set aside? In the [previous](#) question we told you that there is a balancing act between the monthly income you receive and your credit line. Since every situation is unique we encourage you to write down your potential emergency needs and weigh them with your monthly income needs. We also encourage you to [contact us](#) and have one of our counselors help you in deciding the right balance between the two.

**Based on a Home Value of \$250,000 – How much cash can I set aside?**

	HECM150	HECM175	HECM200	HECM310	HECM FIXED
TENURE Payment	<b>Credit Line</b>	<b>Credit Line</b>	<b>Credit Line</b>	<b>Credit Line</b>	<b>Credit Line</b>
<b>\$500</b>	\$75,000	\$75,000	\$75,000	\$75,000	\$0.00
<b>\$700</b>	\$50,000	\$50,000	\$50,000	\$50,000	\$0.00
<b>\$1000</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

**Based on a Home Value of \$600,000 – How much cash can I set aside?**

	HECM150	HECM175	HECM200	HECM310	HECM FIXED
TENURE Payment	<b>Credit Line</b>	<b>Credit Line</b>	<b>Credit Line</b>	<b>Credit Line</b>	<b>Credit Line</b>
<b>\$1000</b>	\$75,000	\$75,000	\$75,000	\$75,000	\$0.00
<b>\$1200</b>	\$50,000	\$50,000	\$50,000	\$50,000	\$0.00
<b>\$1500</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

**Based on a Home Value of \$1,000,000 – How much cash can I set aside?**

	HECM150	HECM175	HECM200	HECM310	HECM FIXED
TENURE Payment	<b>Credit Line</b>	<b>Credit Line</b>	<b>Credit Line</b>	<b>Credit Line</b>	<b>Credit Line</b>
<b>\$1000</b>	\$75,000	\$75,000	\$75,000	\$75,000	\$0.00
<b>\$1200</b>	\$50,000	\$50,000	\$50,000	\$50,000	\$0.00
<b>\$1500</b>	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

As a general rule:

The **more** money you take in monthly income,  
The **less** money you have to leave in the credit line.

The **less** money you take in monthly income,  
The **more** money you have to leave in the credit line.

## Section 4: Finalizing your decision

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Now that you have carefully followed our Reverse Mortgage guide, it is time to take your knowledge and finalize your decision. You should have the confidence in knowing what your options are and how they can best meet your needs.

In addition to this guide we offer several helpful tools that can further assist you in finalizing your decision. These tools are located on our website and include the following:

- **Needs Assessment Survey** – a simple but effective questionnaire which will help you gain additional insight into identifying your needs and matching those needs with the right Reverse Mortgage
- **Quick Reverse Mortgage Quiz** – test your knowledge of Reverse Mortgages and discover what information you need to learn more about
- **Customized Reverse Mortgage Calculator** – this tool will not only calculate how much money you qualify for but also allows you to compare different Reverse Mortgage products and their options. Recommended!

Finalizing any decision requires validating and double checking the information you have with a variety of trusted sources. In this part of the guide we will look at some of the outside sources available to you. We recommend pursuing these sources.

1. **Contact one of our Reverse Mortgage Specialists.** A customized Reverse Mortgage plan prepared by one of our specialists will be the basis of how you finalize your decision. There is no substitute for qualified objective advice.
2. **Consult with Family and Friends.** This is a critical step in the Reverse Mortgage process. We provide suggestions for you and your loved ones to better understand the best decision.
3. Investigate Reverse Mortgage alternatives. Depending on your unique situation there may be other alternatives that better meet your needs.
4. Contact an accountant or financial planner. We have worked with numerous accountants and financial planners in helping seniors get the right Reverse Mortgage product.

**Note: Should you decide to proceed with a Reverse Mortgage a neutral HUD approved Reverse Mortgage Counselor is required to meet with you and verify you understand all your options before your loan paperwork is finalized.** This is discussed in more detail in [Section 5](#) of this guide.

## Consult Family and Friends

In Section 1, [Identifying Your Needs](#) we talked about the importance of involving family members, friends, and loved ones. These are the people in your life that you trust the most. These people are the sounding boards for questions you have. Recognizing that they have a vested interest in your happiness will allow you to make your decision with 100% certainty.

This step is also important for family and friends who take a much more active role in their parents or loved ones lives. You may have been approached by someone who is asking for your help and advice in deciding if a Reverse Mortgage is the right decision. This guide was specifically designed not only for educating seniors but for educating their family and loved ones.

Some of the questions you have may include:

- How can I give good advice about Reverse Mortgages if I only know a little about them?

Our guide as well and our website were designed to provide as much information as possible that is explained in a simple but meaningful way. To gain a complete understanding of Reverse Mortgages, we recommend you review all sections of this guide. However it is possible to find quick answers to many of your questions by using the tools we have provided for you on our website. Our website is structured in the following fashion:

- ✓ **Needs Assessment Survey**. This short questionnaire is designed to provide instant feedback in helping people assess their needs and get specific product recommendations. A must!
- ✓ **Reverse Mortgage Products**. This section outlines each Reverse Mortgage product individually. Each product description provides a brief summary of the product as well as individual facts that can be easily compared with other products.
- ✓ **Reverse Mortgages Made Easy**. Our complete Reverse Mortgage guide. This 5 part guide walks you carefully through the entire Reverse Mortgage process in an easy to follow format. We strongly recommend you review this.

- ✓ **Quick Answers.** For people who want access to FAQ's and printable copies of our Reverse Mortgage guides, this is your section.
  - ✓ **Testimonials.** This part of our website will let you see what others have said about Reverse Mortgages. These testimonials will give you some insight into how Reverse Mortgages have helped thousands of people like you.
  - ✓ **Customized Reverse Mortgage Calculator.** This advanced yet simple to use calculator can instantly give you answers into how much money you qualify for and the available options for accessing your money. You haven't seen a calculator this good!
- How do I know these types of loans are safe?

As with all financial decisions, careful planning is a necessity BEFORE making a decision. The HECM based Reverse Mortgages were created by the US Department of Housing and Urban Development (HUD) and are insured by the Federal Housing Authority (FHA). These loans account for over 90% of all Reverse Mortgages originated.

For more specific information about the HECM loans see Section 2, [Reverse Mortgage Products](#) in our Reverse Mortgage guide.

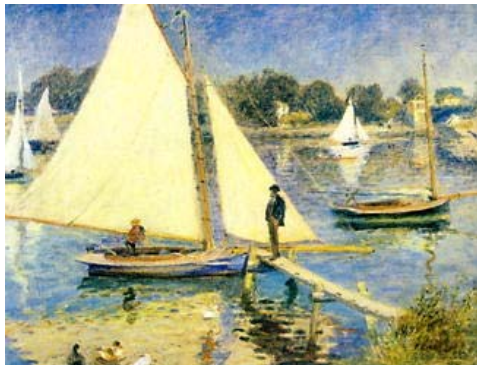
- Who is the company my loved one is working with and how do I know they are reputable?

We would be happy to answer any questions you may have about our company and why we think you will find us the right company to work with. As an HUD/FHA approved lender, we are held to the highest standards by the Federal Government.

Our number one goal is building your confidence so that you can make the right decision for you. This is why we offer a wide range of information and learning tools on our website and in print. We want you to understand exactly how Reverse Mortgages work and how they can benefit you.

## Section 5: Processing Your Loan

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### Application

Once you and your assigned Reverse Mortgage Specialist have evaluated your situation and have tailored the specific Reverse Mortgage to fit your needs, you will want to complete the loan application. While completing a loan application is very simple it is also very important. This is an imperative stage of the loan process during which, you and your loan specialist will finalize the details and numbers of your loan. Once you have answered the questions required to complete the loan application you will sign and date the application.

### Counseling

After completing the loan application you should have a good idea of which Reverse Mortgage solution best fits you and your family's needs. The government and state agencies are doing everything they can to ensure you are making an educated and informed decision. In order to do so, they have implemented a counseling partnership program. The government requires that a member of a third party organization either meet with you in person or over the telephone. The sole reason for this counseling session is to ensure that you know all the details and implications of the Reverse Mortgage you have chosen. Again, this is the time where you can have all your questions and concerns directly answered by a certified individual.

## Processing

The main goal of the processing stage is to relay all the pertinent information regarding your home and title as well the specific information you gave during the application process. Some of the specific actions/events that you will encounter during this time are:

**A Home Appraisal:** At this time an approved appraiser will come out to your home and complete an interior and exterior inspection of your home at your convenience and scheduling.

**Title and Escrow:** A Title and Escrow Report will be opened at this time. You may be contacted by a representative of this company to discuss any liens or judgments that show up on your report. Escrow Instructions are then drawn up to lay out the details of the transaction.

**Lender Approval:** Once all this information is sent to the new mortgage lender, their team of certified underwriters will carefully review the application and issue an approval back to the specialist you are working with. After the approval is issued, there may be a few items the lender requests to see before you move on to the closing stage. Once the lender receives all the information they have requested on the approval you will then move on to the Closing/Funding stage.

## Closing and Funding Your Loan

Once your loan has entered the final approval stage the new mortgage lender will have your new loan documents drawn up. At this time your assigned mortgage specialist will go through one last review with you to make sure the loan documents are accurate. Immediately following this, you will be appointed a notary to help you with the signing of the loan documents. Once the loan is signed they will go back to the new mortgage lender for review. Within approximately 2-3 days your loan will be funded and recorded at the County Recorder and you will be sent a full closing package for your records.

Once your loan is recorded any funds you requested up front will be disbursed to you by either check or bank wire transfer. Monthly payments, if requested, will begin as well.

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