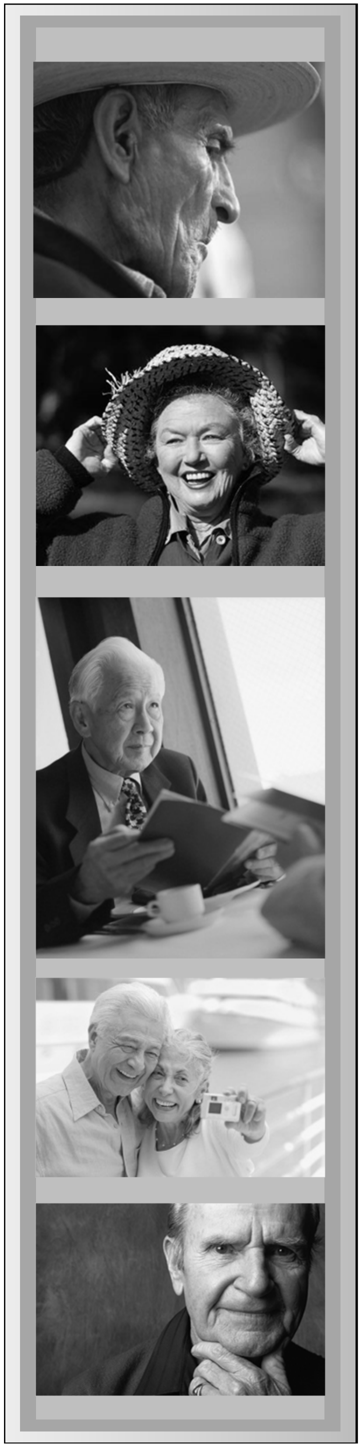
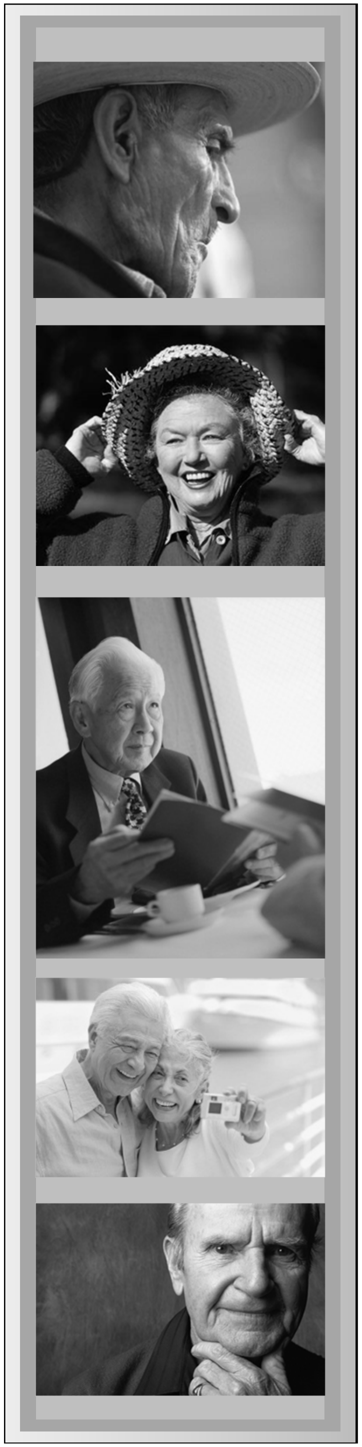
Reverse Mortgages Overview



An Overview of Reverse Mortgages

In 1987 President Ronald Reagan authorized the Department of Housing and Urban Development (HUD) to create the Home Equity Conversion Mortgage (HECM) which is commonly referred to as a Reverse Mortgage.

All HECM Reverse Mortgages are insured by the Federal Housing Administration (FHA)

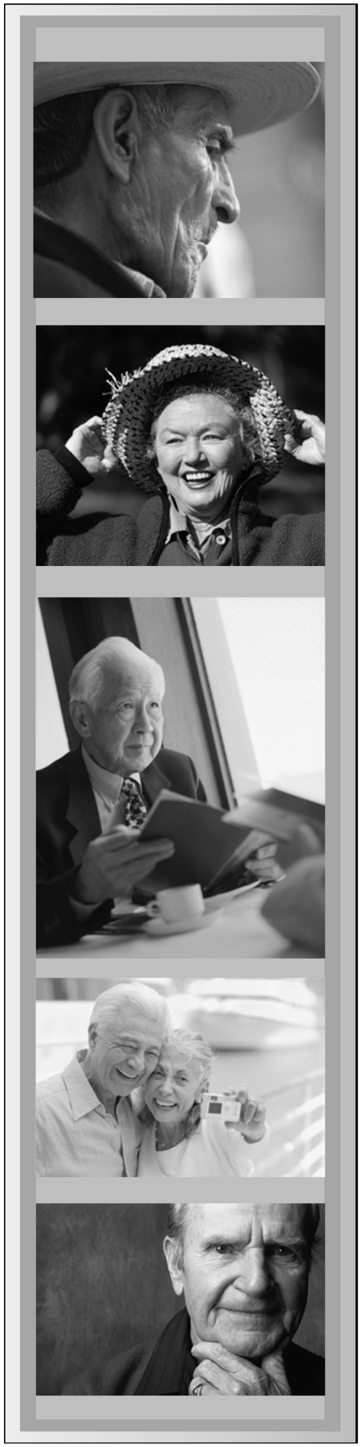


The Question Is…

Can you use some of the equity that has built up in your home…

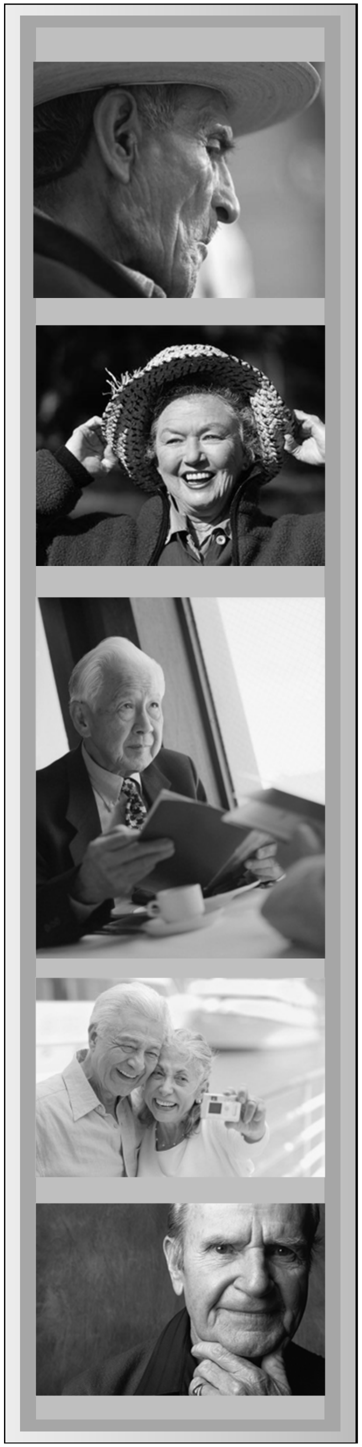
- ✓ Without having to have a monthly mortgage payment…
- ✓ Without negatively impacting the continued appreciation on your home…
- ✓ And without risk of losing your home because you did?

The answer is **<u>YES</u>**, if you are 62 or older!



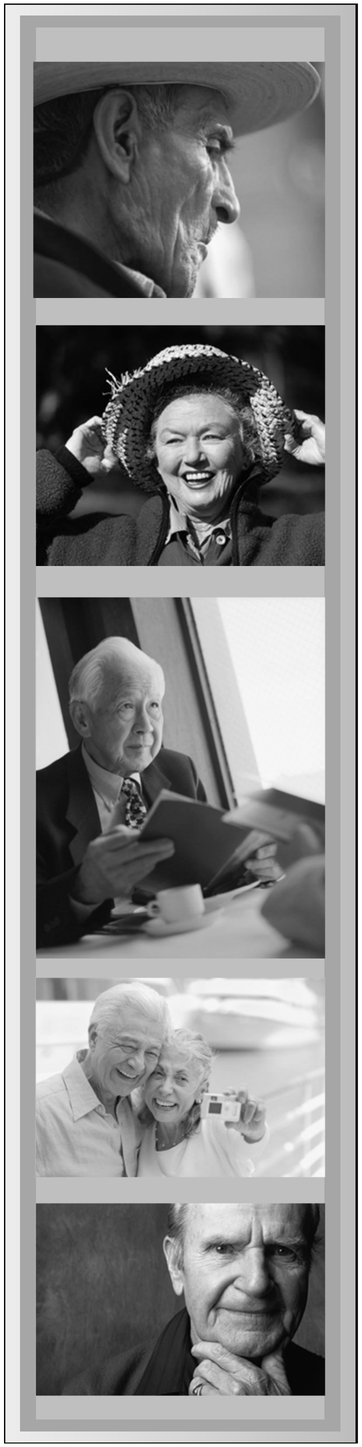
The HECM Reverse Mortgage is…

- Based on age, value of your home and interest rate.
- No monthly mortgage payment.
- Do not need good credit to qualify.
- Nor are other assets at risk.
- Repaid upon death, change of primary residence or the sale of home.



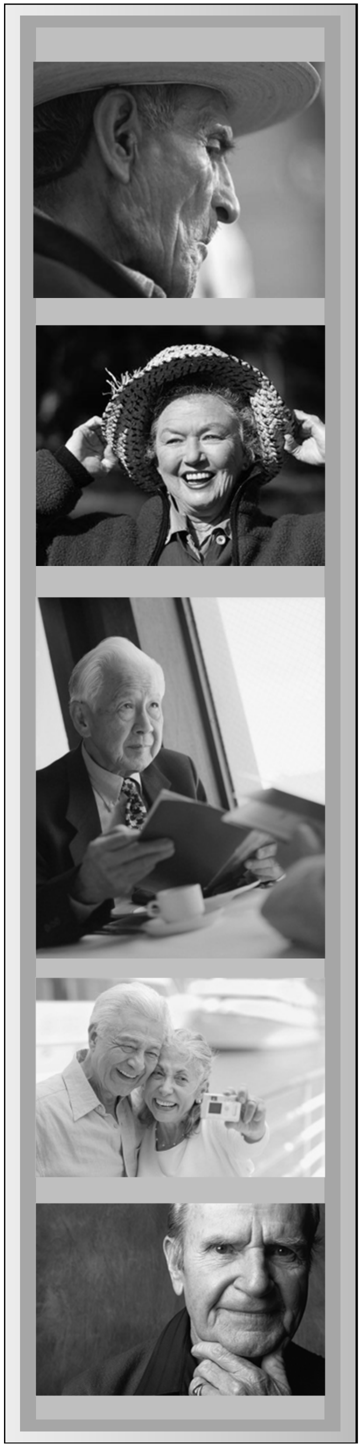
Why Did HUD Develop the HECM?

- Baby Boomers turning 62 at 8,000 per day for the next 20 years.
- Total equity in the homes of people over 62 is almost twice the value of all the money in all of the retirement plans in the USA.
- HUD sponsored the HECM to make it easy and affordable for people 62 and older to use some of their equity if needed.



An Interesting Fact About Equity In A Home Is That While It Has Value...

- Equity is a dormant asset.
- Equity does not impact the value of the home.
- Equity grows by the appreciated market value which has nothing to do with the equity in the home.
- Equity can be separated from the home without impacting the current or future appreciated value.
- Separating equity from the home results in your having two assets working for you instead of just one.



How Much Would You Be Eligible For?

That depends primarily upon three factors:

1

The age of the youngest borrower
(must be at least age 62)

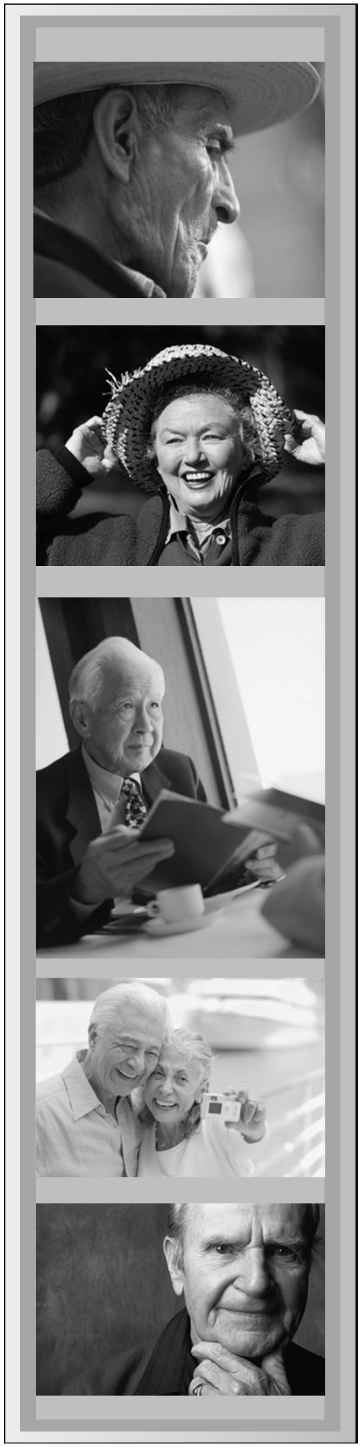
2

The value of the property

3

The expected interest rate

The older a person is, the greater amount available!



How Can You Receive The Money?

Proceeds can be received in three ways.

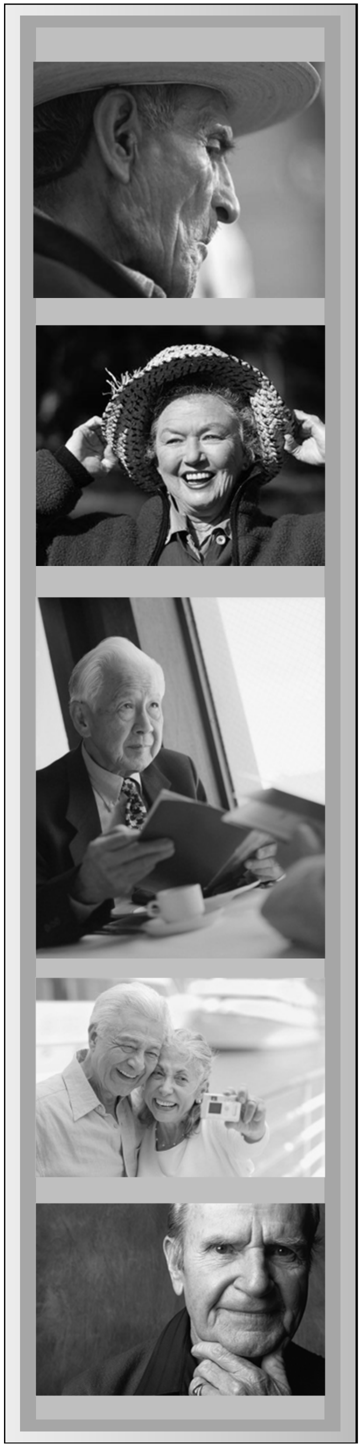
1. Lump Sum Payment.

2. Monthly Disbursements.

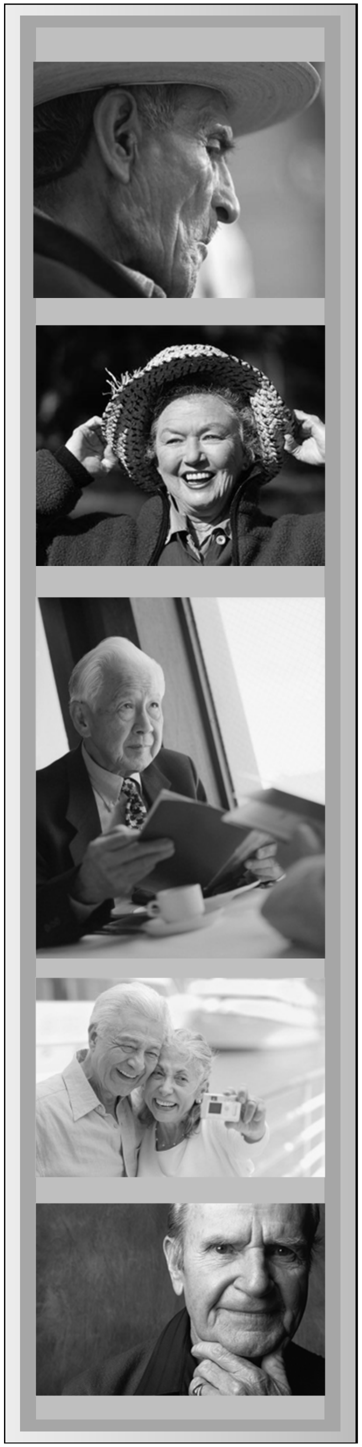
3. Equity Line of Credit.

Or any combination of the three.

Does not impact pension, Social Security or Medicare.
All money is Tax Free !



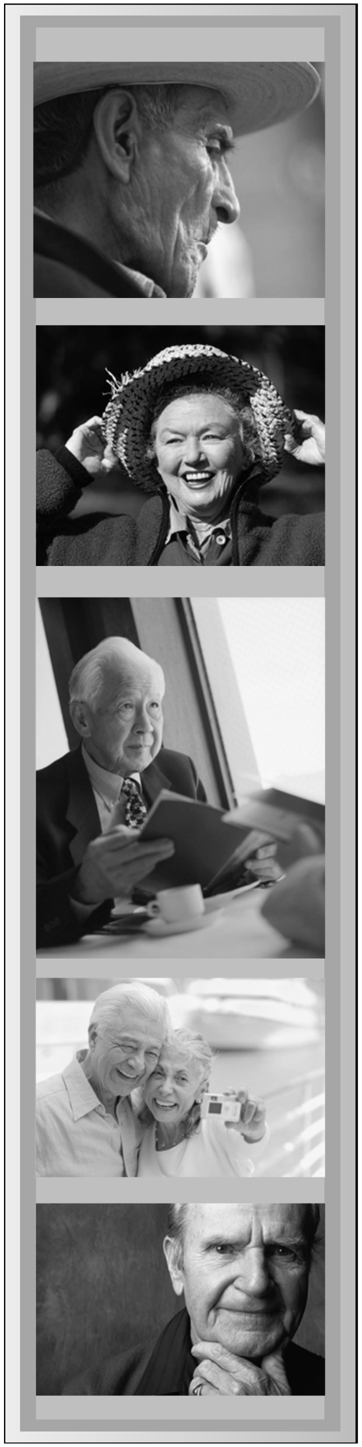
Common Misconceptions About Reverse Mortgages



Misconception #1

You will no longer own your home…

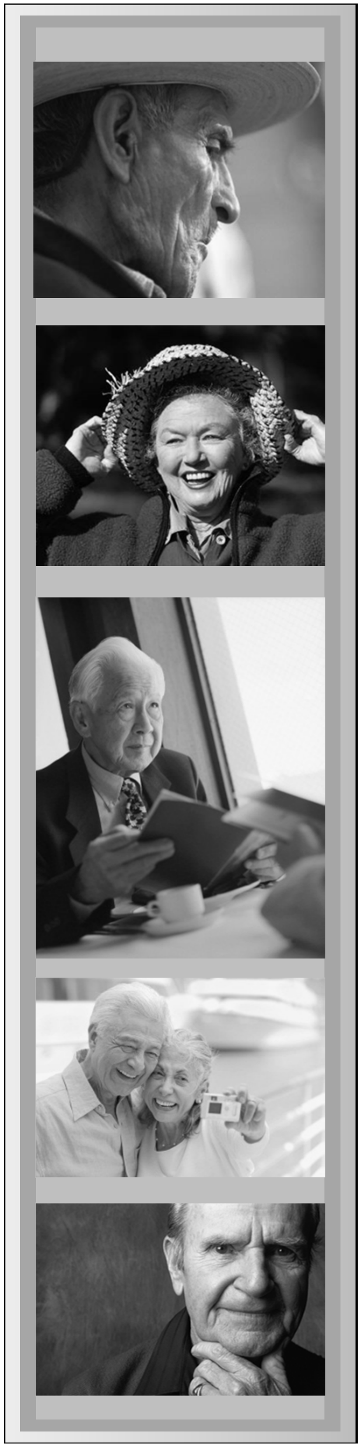
- ✓ Not True
- ✓ You retain ownership
- ✓ Lenders interest is only to the extent of the outstanding
- ✓ mortgage balance.
- ✓ The lender never has ownership of your home.



Misconception #2

Your heirs will have to repay the loan…

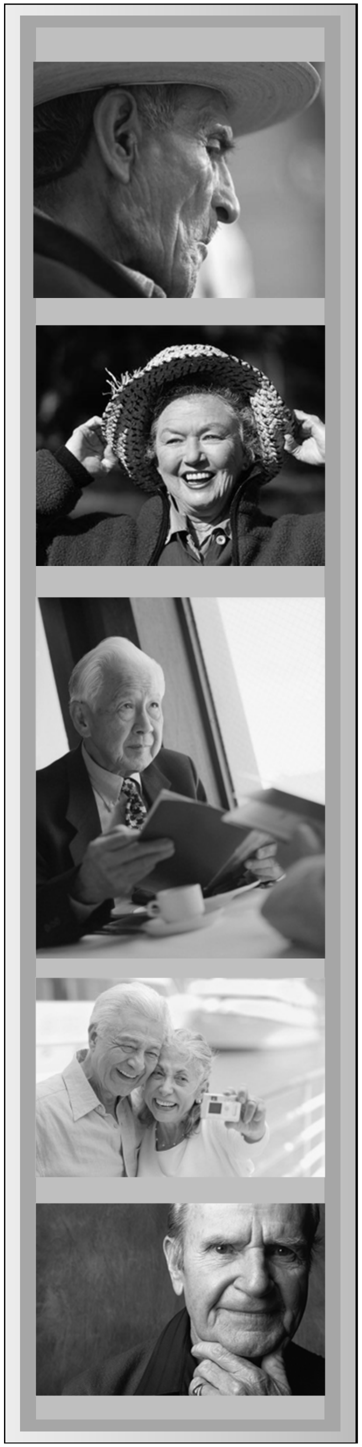
- ✓ Not True
- ✓ Reverse mortgages are Non-Recourse loans.
- ✓ The lender can only recover repayment from the value of the property.
- ✓ If the loan amount is greater than the value of the property, the lender is paid the difference from the HUD/FHA Mortgage Insurance.



Misconception #3

A Reverse Mortgage will automatically eat up all of your equity over time.

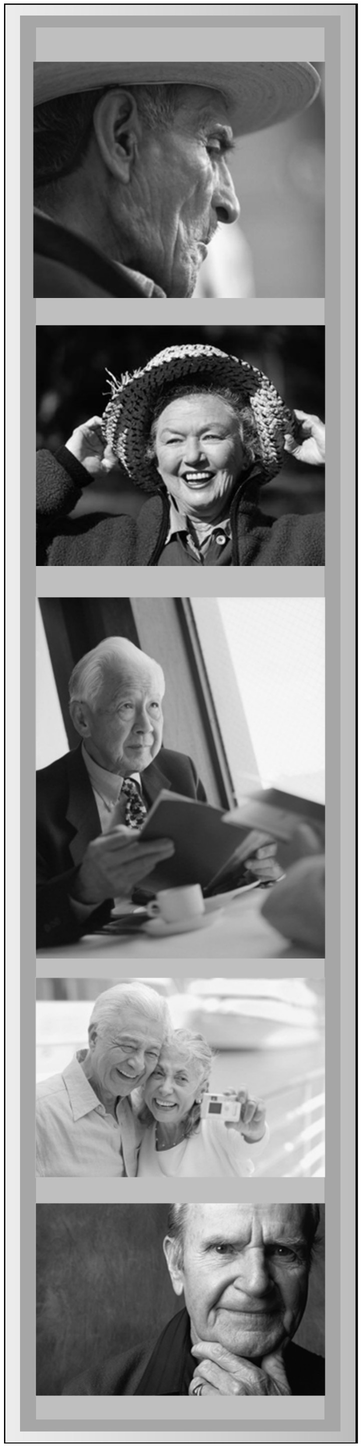
- ✓ Not True
- ✓ You continue to benefit from all future appreciation
- ✓ Depending on appreciation rate it's possible you can have an increased equity.



Misconception #4

Reverse Mortgages are very expensive.

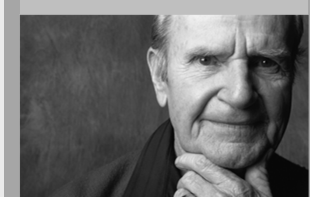
- ✓ Not True
- ✓ HUD has established a maximum Origination Fee as well as what the Mortgage Insurance Fee will be.
- ✓ On average Reverse mortgages cost just slightly more than a traditional FHA loan.
- ✓ 100% of the cost can be financed as part of the loan.



Another Feature Unique to Reverse Mortgages

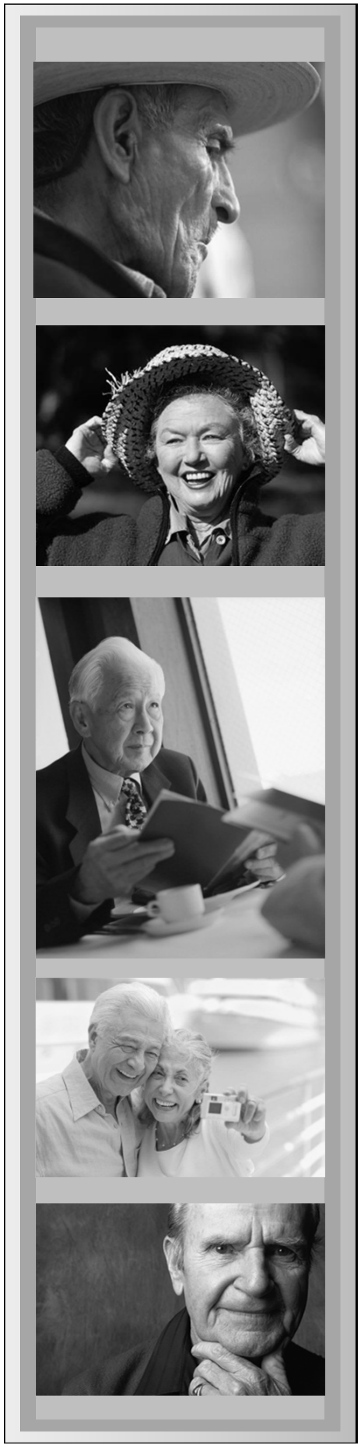
You must speak with a HUD appointed counselor before being able to formally apply for a Reverse Mortgage.

- ✓ HUD Counselors are independent of the lenders.
- ✓ They are able to review what was presented to you and advise if it is within the HUD guidelines.
- ✓ A Counselor's intention is to make sure you fully understand what a reverse mortgage is and how it works.
- ✓ Counseling can take place over the phone if desired.



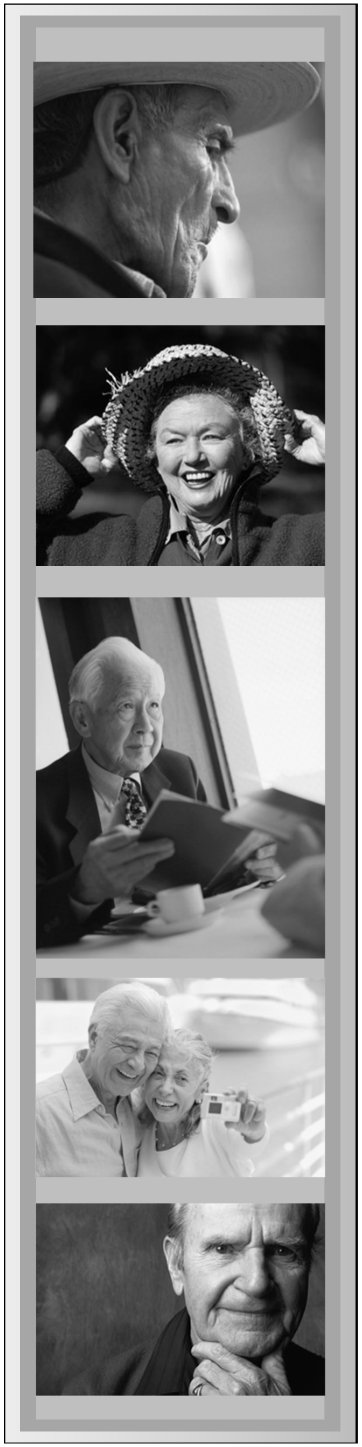
In Summary

- ✓ Reverse Mortgages are based on age, home value and the interest rate.
- ✓ You continue to own your home and all of the equity remaining in it.
- ✓ There are no monthly mortgage payments.
- ✓ You do not need good credit to qualify.
- ✓ All proceeds are tax-free.
- ✓ Benefits do not effect pensions, Social Security or Medicare.
- ✓ The loan is repaid when the home is sold or upon the death of the borrowers.
- ✓ Repayment is limited to the value of the home, no other assets are ever at risk.



The Four Steps
To Obtaining a Reverse Mortgage

1. Review Reverse Mortgage options and select the one that best meets your needs and concerns.
2. Speak with the HUD counselor of your choice.
3. Complete and submit the necessary documents.
4. Upon completion of the processing, schedule settlement which can even be at your home.



For More Information...