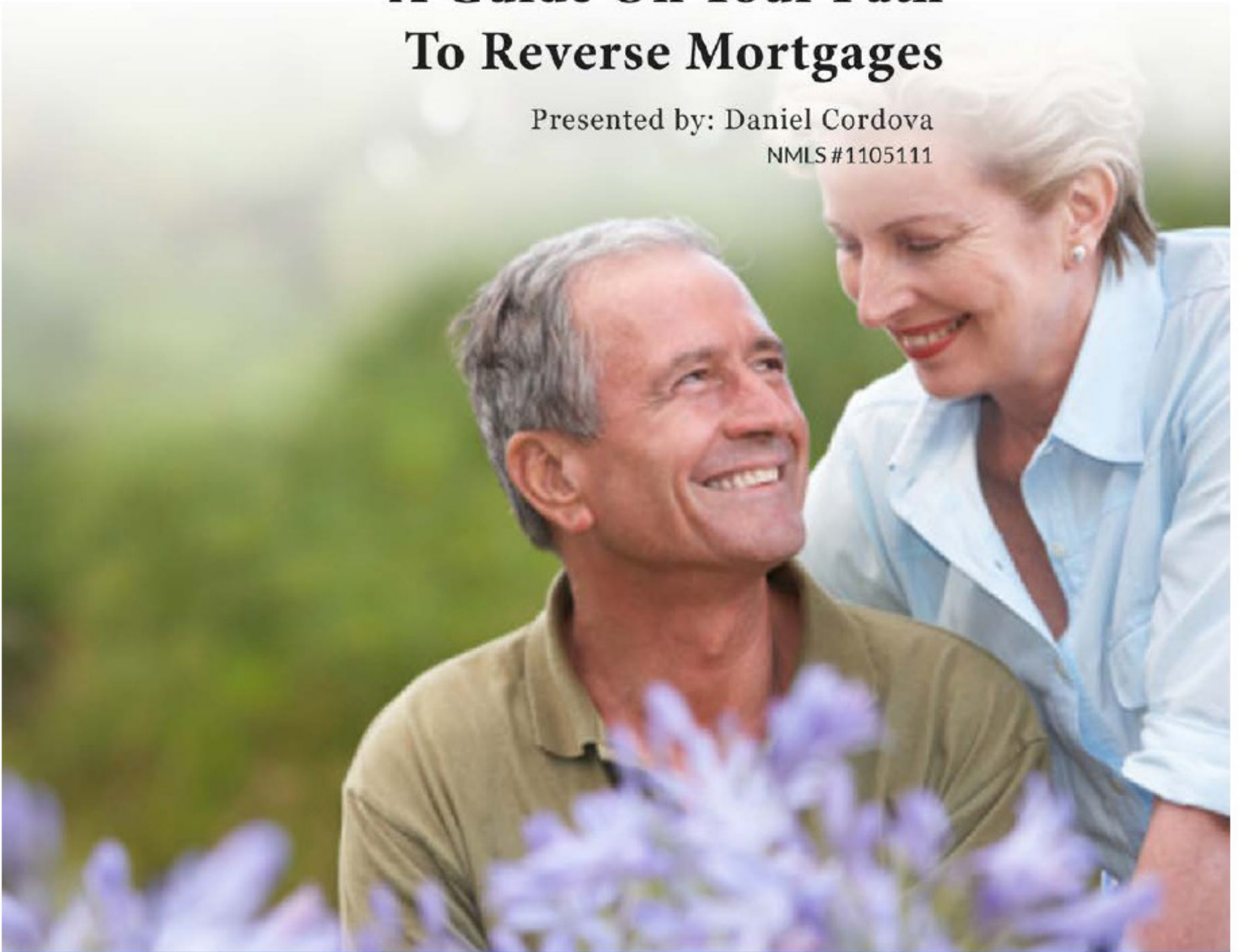


# Want to Experience a More Comfortable Retirement?



## A Guide On Your Path To Reverse Mortgages

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# Table of Contents

<b>Enjoy your retirement years</b>	1	<b>The HECM Loan Process</b>	
		Education	5
<b>Program Overview</b>		Counseling	5
Why get a HECM?	1	Application	5
HECM vs. Traditional Mortgages	1	Appraisal	5
HECM Benefits	1	Home Insurance	5
		Government Mortgage Insurance	5
<b>Q and A</b>	2	Title Insurance	6
		Closing	6
<b>JUMBO Reverse Overview</b>		Setting the Closing Date	6
What is a Jumbo Reverse?	3	Last Minute Detail Check	6
		After the Closing	6
<b>HECM Loan Specifics</b>			
Eligibility Requirements	3	<b>Loan App: Checklist</b>	7
How Your Loan is Calculated	3	<b>Contact Information</b>	7
Payment Options	4		
Interest Rate	4		
Loan Repayment	4		
Effect on Public Benefits	4		



## Enjoy Your Retirement Years!

Government approved and insured, this loan lets you make the most of the equity you've acquired in your home. Today, there are more loan options for retired individuals and couples than ever before. Whether you're looking to pay off bills, purchase a new home, or convert your equity to additional income to enjoy your retirement, a Government Insured Home Equity Conversion Mortgage (HECM) may be the answer for you.

### What is a Home Equity Conversion Mortgage (HECM)?

You may qualify for the HECM Loan Program if you are age 62 or older, own and live in your home, have substantial equity in the home and your property meets HECM guidelines. Most properties qualify, including single family residences, 2-4 unit properties (as long as you live in one of the units) and many condos & manufactured homes. HECM Loans allow you to borrow against the equity you've established in your home without repaying the loan for as long as you live in the home. Instead of making monthly payments, you can choose to receive monthly income.....for as long as you live in the home!

### Why get a HECM Mortgage?

The tax free income received through the HECM Loan can be used for a variety of purposes.

Just like a traditional mortgage, you are not restricted on how the funds can be used.

Here are a few examples of what others have done with their HECM money:

- Supplement retirement income
- Cover medical expenses
- Make home repairs or improvements
- Pay off existing mortgage
- Pay in-home care
- Legacy donations, vacations and more



### HECM vs. Traditional Mortgages

A HECM Loan is the opposite of a traditional mortgage. To qualify for a traditional mortgage, you must have sufficient income and an acceptable credit score. With a traditional mortgage, you borrow a large amount of money up front and make monthly payments for 30 years.

Qualifying for a HECM requires minimum income and credit history similar to VA loans.

## HECM vs. Traditional (cont)

You just need to be 62 or older and have substantial equity in the home. You are not required to make any principal or interest payments for as long as you live in the home. Payment on this loan is required only at the end of the loan, when you no longer occupy the home as your principal residence.

NOTE: Property tax and insurance payments must be maintained throughout the life of the loan.

## HECM Benefits

For many older homeowners, a HECM Loan is an effective way to convert home equity into flexible, tax-free income. The benefits are numerous:

- Continue to live in and own the home without having to make a mortgage payment
- Have peace of mind knowing that you and your heirs have no personal liability for the repayment of the loan since it's secured by your home and insured by the Federal Government.
- Repay the loan at any time without penalty

## Questions and Answers

Q. Am I qualified for a HECM Loan if I currently have an existing loan on my home?  
A. Yes, this is very common. We pay off the existing loan with money from your HECM Loan when you get your HECM loan.

Q. My property is held in a Living Trust. Do I qualify?  
A. Yes, as long as you are the primary trustee and are qualified by age.

Q. To avoid probate, my children and I own the property in joint tenancy. Do we qualify?  
A. Yes, if the children are age 62 and older and live in the property. Otherwise, you may wish to consult a trust attorney to look at other ways to avoid probate.

Q. Does the IRS consider the monthly advances from the HECM as income?  
A. No. The cash advances are actually loan distributions and are not considered income. The cash advances are tax-free

Q. Are mobile homes eligible?  
A. Yes. The home must have been built in 1977 or later; you must own the land under the home and have a permanent foundation that is approved by FHA.

Q. My spouse is permanently in a nursing home. Can we participate?  
A. Yes. The requirement is only that one owner occupy the property as a principal residence.

Q. Are there restrictions on how I can use the money?  
A. No. Of course not – it's your money.



## Jumbo Reverse Products

Jumbo Reverse Mortgages – also known as Proprietary Reverse Mortgages - are loans designed and offered by financial institutions that enable owners of high value homes to access greater amounts of their home equity than is available from the government insured HECM Reverse Mortgages.

Contact me to learn more about what options you may have with a Jumbo Reverse Mortgage.

## HECM Loan Specifics

### Eligibility Requirements

The Eligibility requirements are simple. There are no medical or employment qualifying restriction.

- The homes must be your primary residence.
- The property can be a single family or a two-to-four unit dwelling, but town homes, condominiums, planned unit developments (PUD's) and some manufactured homes and some homes on leased land are eligible. Co-Ops don't qualify.
- You must show income, reserves or set asides from proceeds to maintain required property tax and insurance payments.

The home must meet HUD minimum property standards. In some cases, home repairs can be

made after the closing of a HECM Loan.



### How your loan is calculated?

The maximum benefit earned is based on the following factors:

- The age of the youngest homeowner
- The appraised value of the home
- The current interest rate

In general, the more your home is worth, the older you are and the lower the interest rate, the more you'll be able to receive.

### Payment Options

Customers have unique needs. Some prefer to get the entire loan amount up front, while others would prefer steady monthly payments to supplement their income. With many distribution plans, you are able to adjust your plan as often as you wish to accommodate changing needs.

There are three different kinds of HECM Loan distribution plans to fit your needs and desires. You may be able to make a combination of them.

- **Lump Sum Cash Advances**

Cash is immediately available (often used to pay off an existing mortgage)

- **Term**

Equal monthly payments for a fixed period of time

- **Tenure**

Equal monthly payments as long as at least one homeowner lives in the home

- **Line of Credit**

A credit line which the customer can draw upon as he or she wishes

- **Combination**

An immediate cash advance in addition to monthly allotments.

FHA insures the borrower(s) will receive the monthly payments and/or line of credit established.

In many cases, future adjustments to the monthly payments you receive are possible for a modest administrative fee.



## Interest Rate

Your loan will be made based on a fixed or adjustable rate of interest. You have the option of choosing this during the application and approval process. Adjustable rates are linked to a LIBOR Index.

The change in the interest rate has no effect on the amount of, or number of, loan advances you can receive, but can cause the loan balance to grow at a faster or slower rate.

## Loan Repayment

The loan is due and payable when you no longer occupy the property as your principal residence or fail to comply with the loan agreement.

There is no requirement that the property be sold, only that the loan is repaid. This may occur either through the sale of the home or by using other resources, such as savings or possibly the heirs applying for a new mortgage.

## Effect on Public Benefits

HECM Loans are not considered income and will not affect Social Security or Medicare benefits. However, your HECM Loan advances may affect your eligibility for some other programs, such as SSI. Consult your local program offices to determine how, or if, monthly HECM Loan payments might affect your specific situation.

The process of applying for your HECM Loan



involves several phases. We will assist you throughout the process.

## Education

This is the phase that you are in now. You are taking the time to learn about the HECM Loan program to determine if it is appropriate for your situation.

## Counseling

As part of the HECM Loan application process, you are required to participate in a consumer education session with a HUD approved counselor.



The counselor will explain the legal and financial obligations of the program, as well as any alternatives you may have. The HECM Loan program is not for everyone, so this step will help ensure you are making the right decision.

## Counseling (continued)

After the session has been completed, you are given a certificate. You must present this certificate to the lender as proof that you have completed the counseling session and want to get a HECM Loan.

## Application

Your HECM Loan Officer will help you complete and sign the loan application. Once you have submitted your completed application, you will receive a disclosure of the estimated total cost of the loan, as required by the Federal Truth in Lending Act.

## Appraisal

A professional appraiser, approved by FHA, will be used to determine the value of your home which will be used to calculate the amount you can receive as part of your HECM Loan.

## Home Insurance

You must have hazard insurance. Make sure your policy is up to date, payments are current, and you have replacement coverage.

If your home is in a flood zone, flood insurance is required.

## Government Mortgage Insurance

This is put in place by the Federal government to protect you and your heirs by insuring that the amount required for repayment of the loan will never exceed the value of your home when



payment is due. An initial premium may be due upon closing your loan. This payment can be financed as part of your HECM Loan proceeds. Additionally, an ongoing insurance premium is calculated on your HECM Loan Balance, and this is paid when the HECM Loan is repaid.

## Title Insurance

There are two types of title insurance: one protects the lender (required), and one protects the borrower (optional).

Title insurance is purchased as protection from claims against your ownership of the property.

Such claims may be made by undisclosed spouses, heirs of previous owners, creditors holding liens against previous owners, or other parties.

## Last Minute Detail Check

A few days before the closing, your HECM Loan Officer will help you go through a checklist of what you'll need to finalize and close your loan.

These include:

- Confirm whether you want your funds in a check made payable to or via direct deposit.
- Remind you to have a photo ID and a void check for the notary.



## Signing the HECM Loan

### Documents

The closing for a HECM Loan typically takes place in your home and your signatures are witnessed by a notary. You will receive copies of the loan documents, including the mortgage or deed of trust. You then have 3 days to cancel the mortgage if you should change your mind.

The HECM Loan is funded and created four days after you sign the HECM Loan documents, and any cash disbursements due to you will usually be deposited into your bank account 1-2 days after the HECM Loan is funded.

## After the Closing

You are responsible to pay property taxes, keep adequate property insurance up-to-date and maintain the home.



To get Started give us a call and have the following items:

- Proof of Social Security number
- Photo I.D. (driver's license, passport, etc)
- Most recent tax bill
- Homeowners Insurance Policy
- Trust Agreement



**AMERICAN INTEGRITY**  
— FINANCE INC. —

FOR YOUR PERSONAL IN-HOME APPOINTMENT  
PLEASE CONTACT:

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