



Brighter Futures

Making a Reverse Mortgage Work for You

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Enjoy Your Life with a Reverse Mortgage

Everyone's needs are unique, but no matter what they are we all want to take pleasure in life and have peace of mind.

For most seniors, often this means having enough money to cover expenses from meeting their mortgage payments to making their retirement years more comfortable and enjoyable.

Many seniors looking for ways to supplement fixed incomes and cope with daily living expenses are increasingly finding the answer in their homes — **it is called a reverse mortgage.**

Reverse mortgages are loans designed for seniors 62 years or over that enable them to access the equity they've earned and turn it into tax free income.* The wealth in their homes has helped seniors live the lives they deserve — from being able to remain

in their homes, fund healthcare and prescription drugs, pay for home repairs and renovations to traveling, paying for their grandchildren's education, or simply having the peace of mind of having access to extra cash when needed.

Best of all, with a reverse mortgage, seniors are able to stay in their homes for as long as they wish without having to sell their home or take on a new monthly mortgage payment. Seniors will never under any circumstances resulting from the reverse mortgage, be forced to leave their homes providing they make their real estate property tax and insurance payments and keep the home in reasonable condition.

Also, unlike other retirement tools or conventional loans, there is no income qualification with a reverse mortgage. Borrowers are not required to make monthly mortgage payments on a reverse mortgage throughout the life of the loan. The loan becomes repayable when the last borrower on title sells the home or permanently moves out. In addition, the repayment amount will not exceed the fair market value of the home.

*Consult your financial advisor.

Homeowners Benefiting from a Reverse Mortgage



Below are some of the ways borrowers have used their reverse mortgage proceeds. They have used it to:

➔ Supplement Income

"My reverse mortgage supplemented my income... it was a great help." - CA

"My husband passed away eight years ago. I was barely keeping my head above water. I was able to pay off my lien, get a check every month... life has changed... freed me from financial worries." - CT

"Allowed us to pay off our mortgage... able to retire early." - FL

➔ Pay Off Debts

"Got rid of credit card debt to better use monthly income." - NE

"Living expense in California is next to impossible. I paid off \$20,000 in credit card debt. I would highly recommend it." - CA

➔ Home Repairs

"My spouse passed away... I was able to upkeep my home with a reverse mortgage. I was able to repair my doors, windows, garage, driveway, and have my interior repaired." - NY

"I had work done to pave my driveway and patio... redo front porch ...freed me from financial worries." - WA

➔ Pay for Healthcare

"I have a rare disability. Social Security was not enough to cover my high bills... with a reverse mortgage I paid for my bills and modified my wheelchair." - TX

"My husband was ill... I was financially strapped... reverse mortgage relieved us from financial disaster." - SC

➔ Pay for In-Home Healthcare

"We have a Caregiver that assists us 3-4 hours, five days a week... we needed financial assistance to help pay for this." - WA

➔ Pay for Prescription Bills

"I was able to retire early, pay for my medication and other bills." - CA

"...we had heavy medical expenses which created a cash flow problem... a reverse mortgage relieved us from our limited monthly income." - CA

"Our pension left very little with high medication bills for both of us and a high mortgage payment. We can now keep our home and pay for our medication." - FL

➔ Remain in Home

"Without a reverse mortgage, I would have been forced into a nursing home." - OH

"...able to save my home from foreclosure." - TX

"Now I can stay in my home always and pay for my medicine, proper food and enjoy my life." - MI

**"We can now keep our home
and pay for our medication."**

Reverse Mortgage Products Explained

You have worked so hard to build wealth in your home. It is important to familiarize yourself with reverse mortgage products and choose the best one that will fit your unique situation.

Here are three quality products to provide the flexibility to meet your individual needs:

- **HECM Advantage™** — A government-insured program improving upon the most popular of the reverse mortgage products, the Home Equity Conversion Mortgage.
- **Fannie Mae Home Keeper** — A government-sponsored program which can be used for home purchase. This program is subject to the Fannie Mae lending limit.

- **Cash Account Advantage** — Financial Freedom's proprietary loan product focuses on higher value homes. This product has all the flexibility, leverage and control to secure your financial future.

Proceeds from a reverse mortgage may be received as a lump sum of cash, monthly income, line of credit, or a combination of any of these. The amount of the reverse mortgage you are eligible for depends on your age, the type of reverse mortgage chosen, the appraised value of the home, or the maximum lending limit and current interest rates.

All three reverse mortgage products have numerous built-in consumer protection features, so you can be confident about your decision. Mandatory third-party HUD-approved counseling and rate caps on all products are consumer protections built into these programs, just to name a few.

Additional information can be found from the following sources:

The National Reverse Mortgage Lenders Association (NRMLA) — www.nrmla.org — The nation's only organization devoted exclusively to the promotion of reverse mortgages, advocacy on reverse mortgage lending issues with Congress and the federal government, education and training for reverse mortgage lenders, and development and maintenance of ethical standards for reverse mortgage lenders.

AARP (www.aarp.org) — AARP is a nonprofit, nonpartisan membership organization for people 50 and over. They provide information and resources; advocate on legislative, consumer, and legal issues; assist members to serve their communities; and offer a wide range of unique benefits, special products, and services.

Fannie Mae (www.fanniemae.com/index.jhtml) — As the leader of the housing finance system, Fannie Mae is working to expand homeownership opportunities by creating products and technologies that help more people own homes.

HUD (www.hud.gov) — U.S. Department of Housing and Urban Development

Senior Resource (www.seniorresource.com) — Dedicated to helping seniors and their families with accurate and up-to-date information on senior housing options, finance, insurance and related lifestyle issues.

Many seniors are confronted by rising healthcare costs coupled with shrinking retirement reserves.

Growing Popularity

With increasing awareness and industry education about these unique loans, reverse mortgages have grown tremendously in a short amount of time. Seniors are recognizing the significance of the equity in their homes as a way to fund their retirement years. Most of all, they simply want to stay in the home they've made for themselves.



Many seniors are confronted by rising healthcare costs coupled with shrinking retirement reserves. In addition, they have watched their home values climb over the past few years making the home their largest asset. Industry experts attribute these factors behind reverse mortgage awareness.

In fact, the number of people using reverse mortgages to unlock the equity in their homes has soared over the last five years, climbing from fewer than 6,000 loans annually, prior to fiscal year 2000, to over 48,000 in 2005, according to the U.S. Department of Housing and Urban Development. (HUD). This year, the industry is looking forward to helping more seniors live more comfortably or pursue what they've always wanted.

How to Get Started

You can never be too educated. We encourage you to understand reverse mortgages before taking the next step. Discuss your unique situation with your advisors. Your advisors can be anyone from your accountant, financial planner, lawyer or adult children. Make sure that you include them in this important decision.

The government has built a safeguard into the program that requires you to receive free, government-approved independent counseling. This is to make sure that all of your questions have been addressed and that a reverse mortgage is right for you.

Next, is the application process — appraisal, inspection and all other processes typically found in obtaining a conventional mortgage. Once your loan has been approved, the loan closes and funds. Remember that you can use your new-found money from your home's equity for whatever you choose.

We hope that this newsletter has shed some light on any questions that you may have had on the **benefits of a reverse mortgage**. We also commend you for educating yourself.

When you are ready to take the next step, please contact us! We will be happy to meet with you at your convenience to discuss your needs. We find that the first meeting with a prospective client takes about an hour to gather facts and get to know one another. It will be an hour well spent to determine if a reverse mortgage can provide you with the money you need to live the lifestyle that you deserve. ■

Not all products and options available in all states. It is important to know that with adjustable rate mortgages, an increase in the interest rate could affect the amount of money available to borrow in the future and the amount of money owed when the loan becomes due. Consolidating debt may result in higher overall interest cost over the life of the loan. Consult your financial advisor on paying short term debt with your mortgage loan.



Reverse Mortgage Fast Facts

- 🏠 All borrowers must be 62 years or older
- 🏠 Borrowers retain ownership and occupancy of the home
- 🏠 No required monthly mortgage payments
- 🏠 Repayment is not made until the home is sold or the last borrower permanently moves out or passes away
- 🏠 You will never owe more than the fair market value of your home upon repayment
- 🏠 No income qualification
- 🏠 Interest is paid at the time the loan is repaid
- 🏠 When the loan is due, your heirs have choices—they can repay the loan and keep the house, or sell the home and repay the loan
- 🏠 Social Security benefits and Medicare are generally not affected by a reverse mortgage—consult appropriate government agencies
- 🏠 Closing costs and fees incurred can be financed as part of the loan

Contact us:

