The Facts
About Reverse Mortgages

without the hype

A reverse mortgage...

Will it help me?

Is it a good fit for my needs?

Will I own my home?

Do I qualify?

Am I protected?

These may be some of the thoughts going through your mind regarding reverse mortgages. Read on to get the facts about a reverse mortgage loan and to learn if it could be an important financial tool for you.

What is a Reverse Mortgage?

FACT

A Home Equity Conversion Mortgage (HECM), also known as a reverse mortgage, is a Federal Housing Administration (FHA) insured loan that enables you to access a portion of your home's equity to obtain tax-free[1] funds without having to make monthly mortgage payments.[2]

How Can I Use the Funds?

FACT

If you are 62 years of age or older and have sufficient home equity, you may be able to get the cash you need to:

- Pay off your existing mortgage[3]
- Continue to live in your home and maintain the title
- Pay off medical bills, vehicle loans or other debts
- Improve your monthly cash flow
- Fund necessary home repairs or renovations
- Build a "safety net" for unplanned expenses

Did you know?

Over 808,000 seniors have taken out HECM loans as of 2013.[4] Nine out of 10 surveyed believe doing so has positively impacted their lives.[5]

1 Consult your financial advisor and appropriate government agencies for any effect on taxes or government benefits.
2 You must still live in the home as your primary residence, continue to pay required property taxes, homeowners insurance, and maintain the home according to FHA requirements.
3 Your current mortgage, if any, must be paid off using the proceeds from your HECM loan.
4 National Reverse Mortgage Lenders Association (NRMLA)-Industry Statistics taken from the Department of Housing and Urban Development's (HUD) data for FY 1990 through March 2013, https://www.nrmlaonline.org/rms/statistics/default.aspx?article_id=601
5 Redfoot, Donald L., Scholen, Ken and Brown, S.K. "Reverse Mortgages: Niche Product or Mainstream Solution?" AARP (2007)

Benefits

FACT

With a HECM loan:

- Your existing monthly mortgage payment is eliminated
- You stay in your home and maintain the title
- Loan proceeds are tax-free and can be used as you choose
- Your loan is insured by the Federal Housing Administration (FHA)

Eligibility

FACT

To be eligible for a HECM loan:

- The youngest borrower must be at least 62 years of age
- Your home must be your primary residence and have sufficient equity
- You must have the ability to pay off your existing mortgage using the HECM loan proceeds
- You must live in a single family, two-to-four unit[1] owner-occupied home, townhouse, approved condominium or manufactured home
- Must meet financial eligibility criteria as established by HUD

Did you know?

HECM loans may be utilized by seniors needing to increase their cash flow as well as by affluent senior borrowers who are using HECM loans as part of their financial and estate planning.

1 Not applicable to HECM for Purchase

Requirements

FACT

In addition to eligibility, the following conditions must be met:

- Complete a HUD approved counseling session
- Maintain your home according to FHA requirements
- Continue to pay property taxes and homeowners insurance

Did you know?

With a HECM loan, you still own your home. You retain the title and ownership during the life of the loan and can sell your home at any time. The lender will add a lien onto the title to guarantee payment.

Types of Loans

FACT

There are two types of Home Equity Conversion Mortgage (HECM) loans. It is important to select the one that best meets your needs.

HECM Loan

The HECM is available as either an adjustable- or fixed-rate loan. With the adjustable rate, the rate is adjusted monthly based on the LIBOR (London Inter Bank Offered Rate). The fixed-rate HECM maintains the same interest rate over the life of the loan.

Did you know?

You can make monthly payments and reduce your HECM loan balance.

HECM for Purchase Loan

The HECM for Purchase can help homeowners buy their next home without monthly mortgage payments. This loan enables borrowers to use the equity from the sale of a previous residence to buy their next primary home in one transaction.

Did you know?

The HECM is a "non-recourse" loan. If you sell the home to repay the loan, you or your heirs will never owe more than the loan balance or the value of the property, whichever is less; and no assets other than the home may be used to repay the debt.

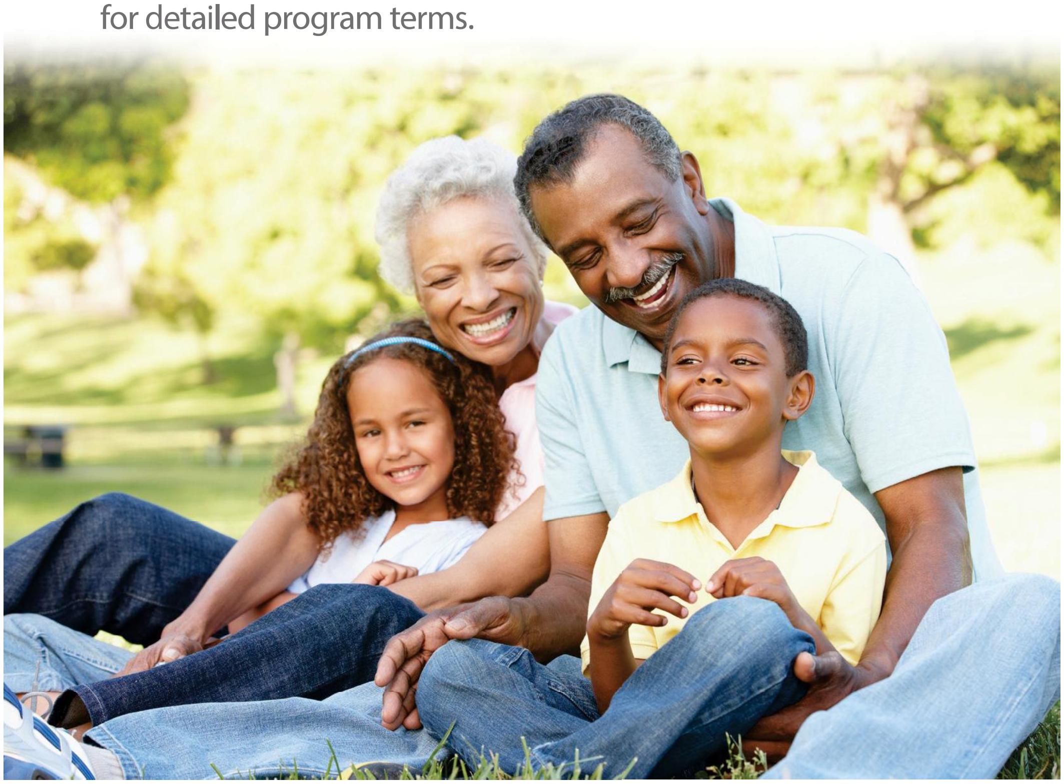
Determining Your Proceeds

FACT

The funds available, also known as the Principal Limit, from a HECM loan depend upon:

- Age of the youngest borrower
- The lesser of the appraised value of your home, sale price, or the FHA national lending limit
- Current interest rates
- Balance of your existing mortgage, if applicable, and all mandatory obligations as defined by the HECM requirements

The funds available to you may be restricted for the first 12 months after loan closing, due to HECM requirements. You may need to set aside additional funds from loan proceeds to pay for taxes and insurance. Consult your reverse mortgage advisor for detailed program terms.



How You Can Get Your Money

FACT

With an adjustable-rate HECM loan, you can select:

Tenure
Equal monthly payments as long as at least one borrower lives in, and continues to occupy, the property as a principal residence.

Term
Equal monthly payments for a fixed period of months selected by the borrower.

Line of Credit
Unscheduled payments or installments, at any time and in an amount of your choosing, until the line of credit is exhausted.

Modified Tenure
Combination of a line of credit, plus scheduled monthly payments, for as long as you remain in the home.

Modified Term
Combination of a line of credit, plus monthly payments, for a fixed period of months selected by the borrower.

Lump Sum
A single payment.

Borrowers may access a minimum of 60 percent of the principal limit amount for the first 12 months after loan closing. Borrowers may be eligible to access an additional 10 percent, subject to additional HECM requirements, of the principal limit amount for the first 12 months after loan closing.

Did you know?

Many borrowers use a HECM loan to pay off an existing mortgage and eliminate monthly mortgage payments.

You're Protected

FACT

A HECM loan has built in safeguards that protect you and the home:

Federal Housing Administration (FHA) Insured

HECM loans are FHA insured. You are always protected against lender insolvency and can expect to receive your proceeds.

Mandatory Mortgage Insurance

HECM loans are required by U.S. Department of Housing and Urban Development (HUD) to charge mandatory mortgage insurance. This insurance protects borrowers and their heirs in the event the loan balance is higher than the home's value at the time of sale.

Independent Counseling

Independent HUD approved counselors provide you with objective information and help you understand how HECM loans work.

Capped Interest Rates

If your loan has an adjustable interest rate, there is a limit on how much some interest rates can change during a specific period of time.

Three Days to Cancel

After signing your loan closing paperwork, you have three business days to cancel the loan. This "Right of Rescission" applies to the HECM for Refinance Product, but does not apply to the HECM for Purchase loan.

About Our Company

Feel free to give us a call or email us anytime, to learn more about the current opportunities available for a Reverse Mortgage loan:

Stolarz Mirta dba Stolarz Home Loans
NMLS 1133766

Call Mirta Stolarz directly at:
360-904-4157

Email Mirta directly at:
Mirta@StolarzHomeLoans.com

Visit our website at:
www.StolarzHomeLoans.com

Home Buying In Reverse

Discover the HECM for Purchase Loan

If you are 62 years or older, the Home Equity Conversion Mortgage (HECM) for Purchase loan may help you buy your next home without required monthly mortgage payments.[1]

The HECM for Purchase product is a Federal Housing Administration (FHA) insured home loan that allows seniors to use the equity from the sale of a previous residence to buy their next primary home in one transaction. Regardless of how long you live in the home or what happens to your home's value, you only make one, initial investment (down payment) towards the purchase.

Why Consider the Loan?

No matter what your needs may be, a HECM for Purchase Loan may help you:

- Eliminate monthly mortgage payments[1]
- Increase your purchasing power
- Pay less upfront investment
- Rightsize to a smaller, lower maintenance home
- Buy a home closer to family or friends
- Lower your cost of living during retirement
- Enjoy carefree living in a senior housing community

Safeguards for Borrowers

- Mortgage Insurance Premium (MIP) ensures the amount owed on the loan can never be more than the value of the home at time of sale
- Independent HUD counseling is required prior to loan application
- Lender may only look to the value of the home for repayment; no other assets may be attached if the loan balance grows beyond the mortgaged home value (non-recourse loan)

Eligibility

- Youngest titleholder must be 62 years or older
- Purchased home must be a primary residence occupied within 60 days of loan closing
- Property must be a single family home, 2-4 unit dwelling, or a FHA approved condo
- The difference between the purchase price of the new home and the HECM loan proceeds must be paid in cash from qualifying sources such as the sale of prior residence, home buyer's other assets or savings
- Borrower must complete a HUD approved counseling session
- Must meet financial eligibility criteria as established by HUD

Determining Your Proceeds

The amount of money you may receive from a HECM for Purchase loan depends on the age of the youngest titleholder, current interest rates and the lesser of the appraised value, the purchase price or the FHA lending limit.

The funds available to you may be restricted for the first 12 months after loan closing, due to HECM requirements. You may need to set aside additional funds from loan proceeds to pay for taxes and insurance.

1 The borrower will be responsible for paying property charges including homeowners insurance, taxes, and maintenance of home for the term of the loan.

Call MIRTA STOLARZ for Additional Information **360-904-4157**