



The Ultimate Guide to Reverse Mortgages





We are very excited to provide this Reverse Mortgage information eBook and our intent is to educate you with a clear and informative overview of a Reverse Mortgage which is also known as a Home Equity Conversion Mortgage or HECM. We understand that if you, or anyone you know, is thinking of doing a HECM, the resources to educate yourself on the both the process, the requirements, and the options available are limited to locate. Just keep in mind that at its core, a reverse mortgage is actually a really simple process to understand and a borrower only has three loan options to choose from to meet their financial needs.



The three options of a Reverse Mortgage

1

Just pay off your house so that you no longer have a monthly mortgage Payment. This is the most common use of a Reverse Mortgage.

2

Get a line of credit to either meet your needs now, or sometime in the future.

3

Or Purchase a Primary Residence (aka HECM Purchase) and not have a monthly payment.

It's really this simple. Our vision is to help educate seniors and their family members on the benefits that can come through utilizing their home equity for one of these three options thereby allowing them to increase cash flow and build financial security.



Why would you want to use a Reverse Mortgage?

As we age, there are many challenges that affect us. Many seniors are living in homes that don't fit their needs. Monthly cash flow and net retirement funds for many are limited. For some, available money for day-to-day necessities are difficult to come by. For this reason, we are passionate about a program that allows seniors to access equity in their homes.

Reverse Mortgages (HECM loans) provide the vehicle that allows those 62 and older to Stop Making Mortgage Payments and possibly access home equity in a lump sum, line of credit, or term/tenure payments or combination of any of these. You can even use a HECM to purchase a home for a fraction of the cash needed to pay for it outright. Every family is different, and we all face the certainty of aging and our consultations and education are free. We are excited to share this program with you and know it will give you some options to consider and it is best to review this ebook and then call and set up a consultation to discuss your specific situation and needs. Our phone number is 801-971-6901

***Stop Making
Mortgage
Payments***

With a reverse mortgage the amount that can be borrowed is determined by an FHA formula that considers the age of the youngest borrower, the current interest rate, and the appraised value of the home. Also, keep in mind that you are still responsible and need to pay your property taxes, property insurance, any association fees or ground rents

and also maintain the property according to FHA requirements. Failure to meet these requirements can trigger a loan default that may result in foreclosure. These are the same requirements for all mortgage loans and Home Equity Loans.

There are multiple reasons that people just like yourself would want to consider using a Reverse Mortgage. Common reasons are perhaps you're facing a large medical bill, or need to pay off some debt, or need to supplement your retirement income to meet your daily expenses, or possibly to remodel a home. Other reasons are to start, fund, or update a retirement account, buy another Primary Residence, or you'd like to travel more. These are all options you may have thought about but your fixed retirement income just doesn't stretch as far as it used to. In this guide, we'll explore the uses and benefits of reverse mortgages in detail as the possibilities are endless. I am always available to answer your questions at 801-971-6901. It is also a good idea to consult a financial planner to determine any financial needs you may have.



What is a Reverse Mortgage?

A reverse mortgage is actually a simple loan and not really as complicated as it may seem. All it does is allow you to access the equity in your home without having to sell it. Instead of making monthly payments to a lender, as you do with a traditional “Forward Mortgage”, with a “Reverse Mortgage” you don’t need to make monthly payments and just an Interest Only amount is added to your principal balance each month. For any monies that you receive as

Cash-Out from refinancing you can choose to receive these monies in a lump sum, or as a line of credit, via monthly payments, or a combination of any of these options. The loan balance is only required to be paid when you die, sell, or move out of the home.

Access your equity without having to sell.

The most common type of Reverse Mortgage loan is the FHA

program called the Home Equity Conversion Mortgage or HECM. This is a special type of home loan, designed specifically to enhance your retirement finances and minimum age requirement is to be 62 years of age. There are also “Niche” programs that allow a person over the age of 55 to refinance into a reverse mortgage.



Property Types

A very common question is what type of properties qualify for a Reverse Mortgage. Properties that qualify are Single Family Homes, Manufactured Homes that meet Hud Guidelines, HUD/FHA approved Condo's, and 2-4 units properties as long as the one of the units is occupied as a Primary Residence. The home must also meet HUD's minimum property standards and come with a warranty against certain defects.

Properties that Do Not qualify are Cooperative Units, Boarding Houses, Bed and Breakfast Properties, Manufactured Homes built prior to July 5, 1979, Existing Manufactured homes that have either been moved or that do not meet all FHA guidelines, And Condo units that are not HUD/FHA approved.



Uses for a Reverse Mortgage

Many borrowers use a Reverse Mortgage to add longevity and stability to their retirement financial plans. Common uses include supplementing or delaying Social Security, paying unexpected medical expenses, making home improvements, providing security against unexpected events, to pay off and consolidate debts, or to make retirement plans a reality or to purchase another home. The money provided from a reverse mortgage can be used in any way you desire.

Call me for more ideas and ways to use the money you receive. Call me at 801-971-6901

The money provided from a reverse mortgage can be used in any way you desire.

Supplementing Your Retirement Income

If you're finding it difficult to make ends meet on your fixed retirement income, a reverse mortgage can be a great way to supplement your cash flow. With this option you simply refinance into a loan and no longer make any payments. With not having to make a monthly payment this increases your monthly cash flow.

Paying for Medical Expenses

As we age, our medical expenses tend to increase. If you're facing a large medical bill, a reverse mortgage can be a great way to free up the funds you need to cover those expenses.



***No monthly mortgage
payments to make, and
the lender pays you.***

with a substantial down payment and then you no longer make a monthly payment. Again, you are still responsible and need to pay their property taxes, property insurance, and any association fees or ground rents; and also maintain the property.

I'm happy to answer your questions at 801-971-6901



Benefits of a Reverse Mortgage

In addition to the various uses of a reverse mortgage, there are several benefits to consider, such as:

No Monthly Mortgage Payments!!

Again, with a reverse mortgage, you don't have to worry about making monthly payments to a lender. Instead, The Lender Pays You, which can be a big relief for seniors who are on fixed incomes.

You Can Stay in Your Home

One the most beneficial aspects of a reverse mortgage is that you can continue to live in your home for as long as you like. As long as you maintain the home and keep up with property taxes and homeowner's insurance, association dues meet the terms of the loan, it will not come due.

Non-Recourse Loan

A reverse mortgage is a Non-Recourse loan, which means that if the loan balance ever exceeds the value of the home, the lender cannot go after any other assets or income sources to pay an differences. The lender also cannot go after any of your heirs assets either. The loan is secured only by the home.

You Retain Ownership of Your Home

Contrary to popular belief, a reverse mortgage does not transfer ownership of your home to the lender. You retain ownership of your home, and your heirs will inherit it when you die. The lender will record a lien against the property to preserve it's claim to the home just like a Forward Mortgage. I'm here to answer your question at 801-971-6901. We highly encourage you to speak with your financial planner regarding any estate planning needs you may have.

Eligibility Requirements

To be eligible for a reverse mortgage, you must:

- Be at least 62 years old for an FHA HECM Loan. (There are Niche Reverse Mortgage loans that do allow for a reverse mortgage at the age of 55)
- Have substantial equity in your home or be prepared to bring money to closing to meet your Loan-To-Value Requirements
- Live in the home as your primary residence
- Participate in a counseling session with a HUD-approved counselor
- Have enough equity in your home to qualify for a reverse mortgage



Alternatives to Reverse Mortgages

While a reverse mortgage can be a great option for seniors who need to access the equity in their homes, it's not the only option. Here are a few alternatives to consider:

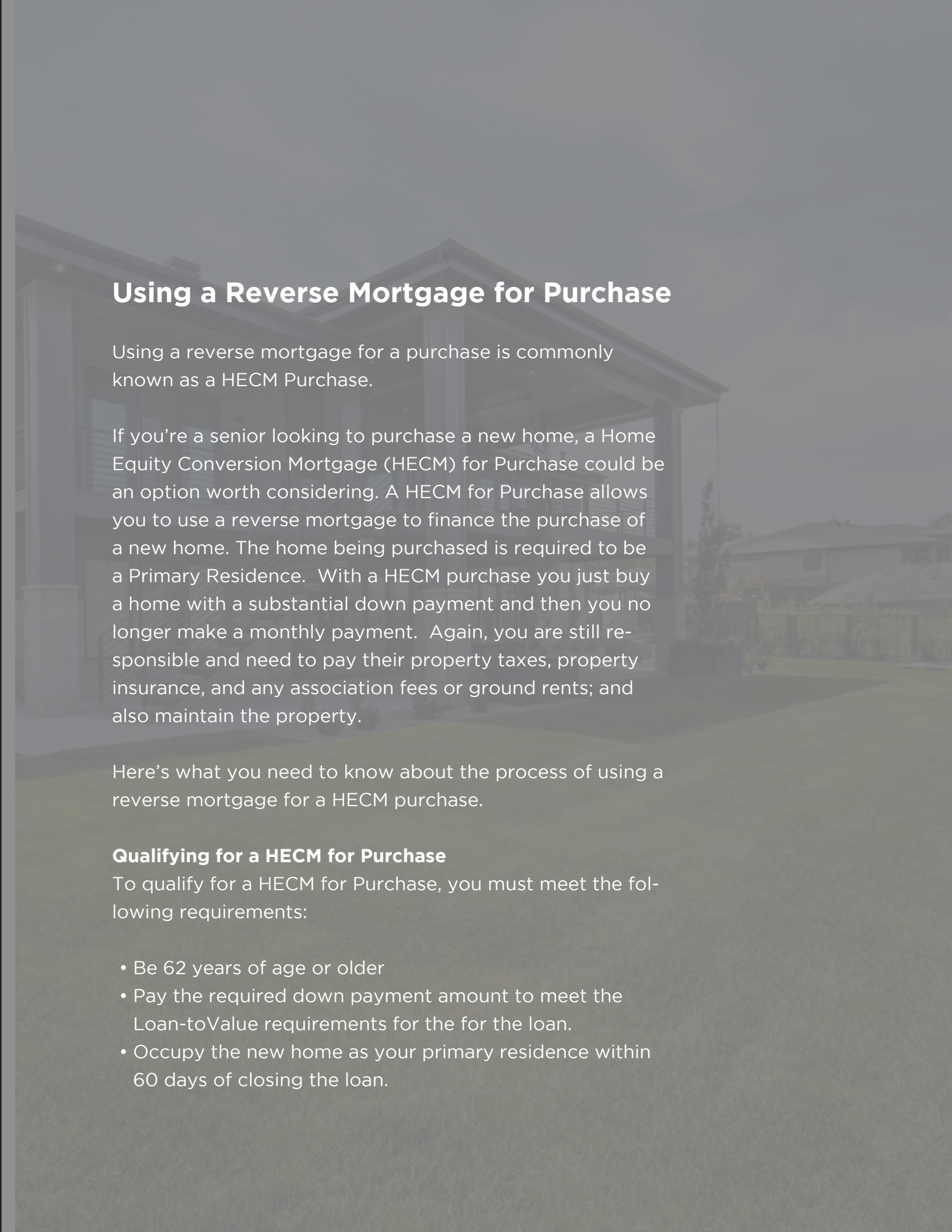
Home Equity Loan

A home equity loan is a type of loan that allows you to borrow against the equity in your home and typically get a lump sum of money. These are also known as a forward mortgage Cash – Out Refi. Unlike a reverse mortgage, you'll be required to make monthly payments to pay back the loan for the full term of the loan.

Home Equity Line of Credit

Similar to a home equity loan, a home equity line of credit allows you to borrow against the equity in your home. However, instead of receiving a lump sum, you'll have access to a line of credit that you can draw from as needed. When you draw from this line of credit then you will be required to make monthly payments to reduce the principle balance to pay down the balance. Also, the rates on these loans can be substantially higher than a Home Equity Loan or a Reverse Mortgage Loan.





Using a Reverse Mortgage for Purchase

Using a reverse mortgage for a purchase is commonly known as a HECM Purchase.

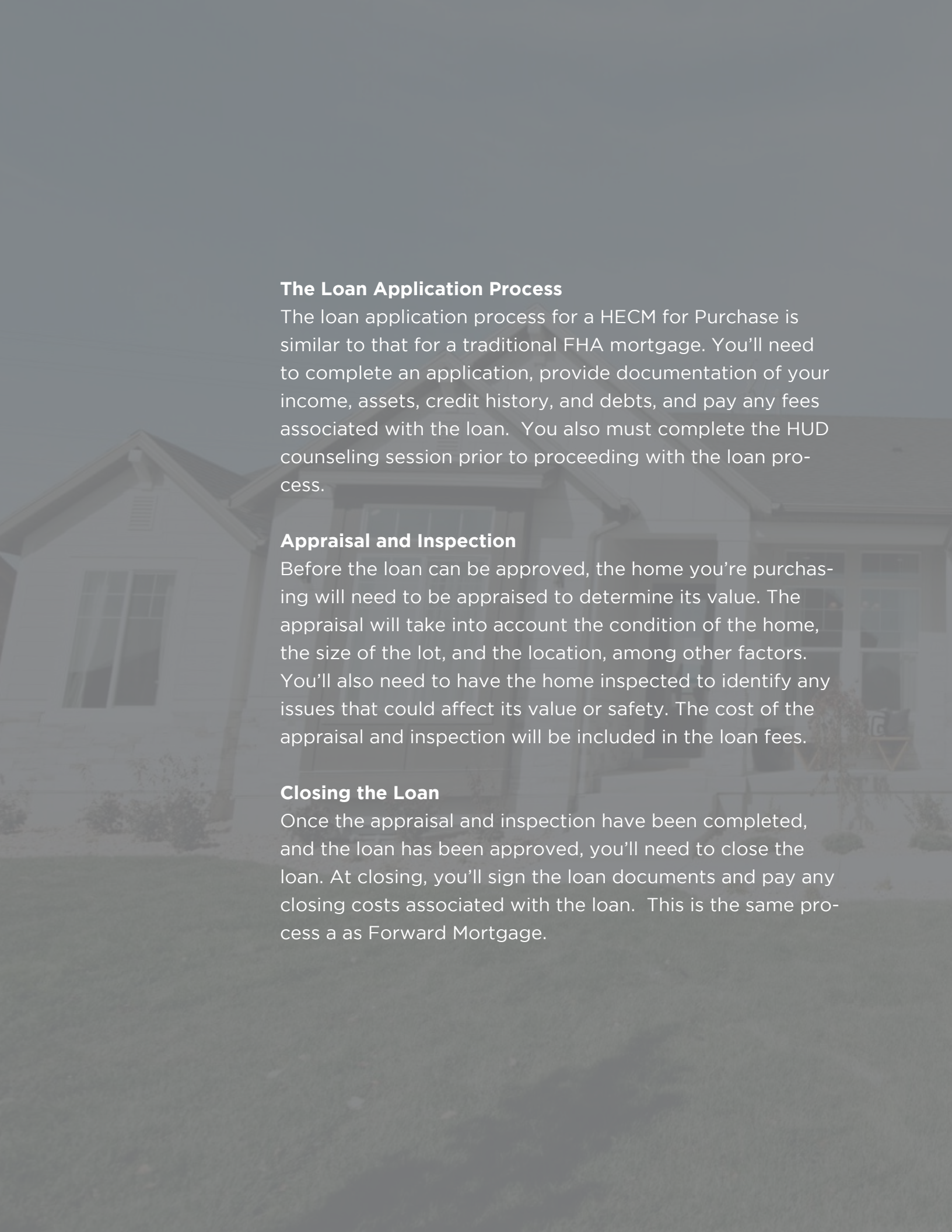
If you're a senior looking to purchase a new home, a Home Equity Conversion Mortgage (HECM) for Purchase could be an option worth considering. A HECM for Purchase allows you to use a reverse mortgage to finance the purchase of a new home. The home being purchased is required to be a Primary Residence. With a HECM purchase you just buy a home with a substantial down payment and then you no longer make a monthly payment. Again, you are still responsible and need to pay their property taxes, property insurance, and any association fees or ground rents; and also maintain the property.

Here's what you need to know about the process of using a reverse mortgage for a HECM purchase.

Qualifying for a HECM for Purchase

To qualify for a HECM for Purchase, you must meet the following requirements:

- Be 62 years of age or older
- Pay the required down payment amount to meet the Loan-toValue requirements for the for the loan.
- Occupy the new home as your primary residence within 60 days of closing the loan.



The Loan Application Process

The loan application process for a HECM for Purchase is similar to that for a traditional FHA mortgage. You'll need to complete an application, provide documentation of your income, assets, credit history, and debts, and pay any fees associated with the loan. You also must complete the HUD counseling session prior to proceeding with the loan process.

Appraisal and Inspection

Before the loan can be approved, the home you're purchasing will need to be appraised to determine its value. The appraisal will take into account the condition of the home, the size of the lot, and the location, among other factors. You'll also need to have the home inspected to identify any issues that could affect its value or safety. The cost of the appraisal and inspection will be included in the loan fees.

Closing the Loan

Once the appraisal and inspection have been completed, and the loan has been approved, you'll need to close the loan. At closing, you'll sign the loan documents and pay any closing costs associated with the loan. This is the same process as a Forward Mortgage.

Repaying the Loan

As with any reverse mortgage, the loan will need to be repaid when you die, sell the home, or no longer occupy it as your primary residence. If the loan balance exceeds the value of the home, the FHA insurance covers the difference,



Estate Inheritance

In the event of death or in the event that the home ceases to be the primary residence for more than 12 months, the homeowner's estate can choose to repay the reverse mortgage or put the home up for sale. If the equity in the home is higher than the balance of the loan, the remaining equity belongs to the estate. If the sale of the home is not enough to pay off the reverse mortgage, the lender (not the borrower) must take a loss and request reimbursement from the FHA. No other assets are affected by a reverse mortgage. For example, investments, second homes, cars, and other valuable possessions cannot be taken from the estate to pay off the reverse mortgage.

11 Reverse Mortgage MYTHS

I am ALWAYS Happy to Explain Away the Myths. Just call me at 801-971-6901

1. ***"The lender or Government will take your home"***

Answer False!! With a reverse mortgage you and your estate retain control of your home's title. This is the same as with any mortgage loan, including forward mortgages such as conventional and VA loans. Nothing is different. The lender simply puts a lien on the property to ensure the loan gets repaid which is the exact same thing that happens with a forward mortgage. The lender will not take your home as long as you meet the loan terms. This is the same as a forward mortgage as well.

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2. ***"A Reverse Mortgage will just give me another Monthly mortgage to pay"***

Answer False! A Reverse Mortgage does not require that you make monthly mortgage payments as long as you meet the terms of your loan. You do need to still make your other payments such as Homeowners Insurance, Property Taxes, HOA Fees, and you are also required to maintain your home.

3. ***"I can't make payments on my home to reduce my loan balance"***

This is simply not true. If you choose to make payments on your loan to lower the principal balance you certainly may do so at any time. This is your choice and you are not required to. The loan does not come due until the last borrower permanently leaves the home or if your situation does not meet the terms of the loan.

5. *"I'll have nothing to leave to my kids"*

This is not necessarily true. As home values continue to increase, it's possible the value of your property will appreciate over your lifetime. Interest will accrue on the outstanding loan amount and be added to the balance but the difference between these two is known as retained equity, and that is what is available to leave for your children. Also, if you elect to have the line of credit option, any remaining loan balance will grow in value at the same rate of interest rate of the loan.

4. *"My Heirs will be responsible for repaying the loan"*

This is Not Correct. A Reverse Mortgage is actually a "Non-Recourse" Loan. This means that the lender will only get paid from the proceeds of the property sale with any remaining proceeds going to your heirs. Inclusively, if the remaining balance on the loan is higher than the homes value then your heirs won't be liable for paying any differences.

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6. *"I will not be able to leave the home to my kids"*

It is true that typically proceeds from the sale of the home are used to pay off the reverse Mortgage loan balance but your heirs do have the option to arrange to repay the loan or buy the home if they wish to keep it in the family.

7. "I can't qualify because my home is not paid off" As long as you have built up enough equity in your home you can have a mortgage or other debt on your homes title and still qualify. The proceeds for a reverse mortgage must first be used to pay off that mortgage or debt. In fact a popular reason to get a reverse mortgage is to pay off current Mortgage Without having to make a monthly mortgage payment and this creates monthly cash flow to meet monthly expenses.

8. ***“I won’t be able to sell my home?”***

A reverse mortgage is like any other loan. If you sell your home, that reverse mortgage loan will be paid off at closing. There are no Pre-Payment Penalties for paying off or selling your home in advance.

9. ***“I Hear lots of people default or get foreclosed on these loans?”***

Here are the facts. Today’s lenders Must complete a financial assessment to ensure borrowers will be able to meet their financial obligations. If not, money may be “Set-Aside” by the loan proceeds to pay taxes and insurance and to help borrowers meet the loan terms. In 2015, these rules were put into place and these rules also drastically reduced the tax and insurance defaults which has made these loans safer than ever before.

10. ***“I am afraid my spouse will be kicked out of the house if I pass away”***

Here are the facts. The Department of Housing and Urban Development, also known as HUD, has put has put additional protections into place to keep this from happening. Eligible Non-Borrowing Spouses can remain in the home if the borrowing spouse has to move to a nursing home or passes away as long as the non borrowing spouse continues to meet the terms of the loan.

11. ***“I Need more Cash Flow Options, but I’m not desperate!”*** The truth is that a reverse mortgage is much more than a last resort. You can choose to take the proceeds of a reverse mortgage as lump sum, in a monthly payment, a line of credit that grows in value along with the available balance, OR any combination of the three and we have found it is better to be prepared now for any upcoming needs later on.

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Frequently Asked Questions

If the following doesn't answer your questions, call me at 801-971-6901

1. *Do I have to have my current mortgage paid off before I can begin a HECM?*

No. However any underlying mortgages will need to be paid off with either the proceeds of the HECM and/or with other funds.

2. *Do I maintain the title to my home?*

Yes

3. *Can I outlive my HECM?*

No

4. *What if my spouse is not yet 62, can I do a HECM with my spouse?*

HUD requires that at least one borrower is 62+. The age of the youngest spouse is used to calculate the amount of money that can be accessed in the HECM loan. As a "nonborrowing" spouse, they may remain in the home once the borrowign spouse passes, but will be under the same obligations of the loan.

5. *Can I move or refinance after entering into a HECM?*

Yes. Sometimes it makes sense to refinance a HECM loan to add on spouse. If you choose to move, the balance of the loan would need to be paid from the proceeds of the sale.

6. *How do I know how much equity I can access?*

Before we can approximate how much equity can be accessed through a HECM, we need to know the youngest borrower's age, approximate appraised value and any liens on the property.

7. *Does the bank own my home?*

No, the bank holds a first lien position with the mortgage, but title remains with the owners on how it was vested.

8. *If I opt to have a line of credit, how does it grow?*

The line of credit available balance and mortgage insurance grows at the same interest rate as the interest rate on the note when you closed.

9. *What happens to the loan and house when I pass away?*

The estate will have 1 month to decide if they want to keep the home, or sell it. They then have approximately 6 months to proceed with the decision and pay off the HECM loan. If the loan is greater than the value of the home, the estate could give the home to the bank to resolve the balance. Mortgage insurance on the HECM loan, protects the estate from any negative effects from the loan.

10. *How do I find out more?*

As Reverse Mortgage HECM professionals, we strive to provide a 5 star educational and planning session for you. Call us right now at 801-971-6901 to set up your One on One Consultation.



Let's make your retirement the best it can be.

Contact me to see if a reverse mortgage is right for you.

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Borrowers aged 62 and over may qualify for a reverse mortgage loan program on their primary residence, based upon the property's current equity. The borrower chooses to receive loan proceeds in one lump sum, or over regularly scheduled intervals. There are no monthly payments required so long as the borrower occupies the property as their principal residence, ensures the condition of the property is maintained to FHA standards, and remains current on ALL taxes (such as property), insurance (such as hazard), dues (such as homeowner association), and other such costs separate from the reverse mortgage itself. The loan is due and payable when the borrower vacates, or sells the property. Borrowers must complete counseling with a government certified counselor before applying. Borrower should address questions about taxes, Social Security, Medicare, etc. to professionals in those fields. SecurityNational Mortgage Company may act as a third-party originator and submit loan packages/applications directly to third party lenders for approval. This is not a commitment to make a loan. Loans are subject to borrower and property qualifications. Contact loan originator listed for an accurate, personalized quote. Interest rates and program guidelines are subject to change without notice. SecurityNational Mortgage Company is an Equal Housing Lender NMLS 3116.

