The simple facts about reverse mortgages.

Having a clear plan is the start of a promising retirement. At Finance of America Reverse LLC (FAR), we're here to help you chart a path to your retirement dreams. One way to finance these aspirations is to tap into your home equity through tools designed specifically for retirees—reverse mortgages.

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So what is a reverse mortgage?

A reverse mortgage is a loan for borrowers 62 and over that converts your home equity into cash. The unique benefit is that you don't need to pay it back month after month. Interest and fees are added to the loan balance over time; you just continue to pay property taxes, insurance, and uphold the terms of the loan.

What is the difference between a reverse and a traditional mortgage?

Both are mortgages on a property that belongs to you. Instead of paying into your home every month with a traditional mortgage, you pull money out with a reverse mortgage and repay the loan when you leave the home. These funds can come as a lump sum, installments, line of credit, or in a combination of these options. While the loan balance accrues interest over time, you are not required to make monthly mortgage payments on the loan as long as you live in the home.*

There are several types of reverse mortgages. What's the difference?

FAR offers two types of reverse mortgages: a traditional Home Equity Conversion Mortgage (HECM) and a suite of HomeSafe® reverse mortgage tools.

A HECM is insured by the Federal Housing Administration (FHA) and has a loan limit of up to $822,375.

HomeSafe® reverse mortgages offer a variety of options, from standard to jumbo loans of up to $4 million with comparable protections to a HECM.*

Who is using a reverse mortgage and why?

The face of retirement has changed. People are living longer, more active lives, and they want more options in retirement. Whether it's starting a new business, paying down debt or medical bills, taking that dream vacation, giving back, purchasing a new home, or just having extra income available for living expenses, millions of homeowners have leveraged the equity in their homes to work on their retirement goals.

*The borrower must meet all loan obligations, including living in the property as the principal residence and paying property charges, including property taxes, fees, hazard insurance. The borrower must maintain the home. If the homeowner does not meet these loan obligations, then the loan will need to be repaid.

How do I decide if a reverse mortgage is right for me?

The best thing to do is to lay out the numbers and evaluate your priorities. A licensed loan officer will walk you through a quote specific to your situation so you can decide if a reverse will get you where you want to go.

Traditional mortgages have costs attached. What about reverse mortgages?

Like a traditional mortgage, there are costs associated with a reverse mortgage. Most of those upfront fees can be rolled into your loan, minimizing your out-of-pocket costs.

Along with interest, you may have an origination fee, mortgage insurance premium, property appraisal, typical third party fees, and a modest charge for independent counseling.

How am I protected with a reverse mortgage?

- Reverse mortgages are non-recourse loans, meaning you or your heirs will not be responsible for more than what the home is worth
- All borrowers are required to attend independent educational counseling to ensure they are fully aware of how the loan works
- Your home still belongs to you and you will not lose your home as long as you stay current on the terms of the loan*
- All borrowers go through a financial assessment to ensure a reverse mortgage is a viable solution

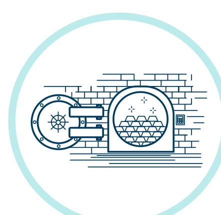
How is a reverse loan repaid?

The loan is repaid when the borrower or qualified non-borrowing spouse no longer lives in the home. Often, the estate will sell the home to pay the loan, but heirs also have the option to pay off the loan by other means and keep the property.*

Let's look at this reverse mortgage example:

Let's say you are 68 with a home valued at $375,000 and a mortgage balance of $75,000.

You are looking for extra spending money to take a trip or pursue a passion of yours.



After speaking with a Loan Educator, you find out you qualify for $197,625.

Using those funds, you pay off your mortgage and have $122,625 remaining proceeds.

Now you have no monthly mortgage payments and you're focusing on what matters to you.

Illustration is for educational purposes only and assumes a borrower age of 68 who resides in OK and a fixed interest rate of 2.715% (3.055% APR) and financed fees of approximately 3.5% of the home value. Rate quote generated on 12/30/2020. Rates are rounded down to the nearest .01% and are subject to change.

Want to learn more? Please ask!

We are happy to provide further detail on how a reverse mortgage can be a smart, safe, and secure way to realize your retirement goals.

Let's have a conversation about your retirement goals.

EQUAL HOUSING OPPORTUNITY

Contact a FAR representative today to learn how we can help you get to work on retirement.

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