YOUR GUIDE

REVERSE MORTGAGE LOANS

Compliments of

Benezra Home Loans


Picture is not photo of actual borrowers.

This is your guide to reverse mortgages. Let us show you how to convert a portion of your largest asset – your home equity – to fund your retirement needs.

What is a HECM reverse mortgage loan?

Home Equity Conversion Mortgages (HECMs), also known as reverse mortgage loans, were created over 25 years ago to help Americans age 62 and older convert a portion of their home equity into tax-free money to improve their lifestyle in whatever way they choose. While loan proceeds are not taxable income, property taxes must be paid. Please consult your tax advisor. HECM Reverse Mortgages are insured by the Federal Housing Administration (FHA) and allow seniors to age in place and achieve retirement security.

How does it work and what are some of the risks?

With a reverse mortagage loan, borrowers do not make monthly principal and interest paments on the loan. Instead, the loan balance is typically repaid when the last borrower or eligible non-borrowing spouse leaves the home or does not otherwise comply with loan terms. Borrowers are responsible for paying property taxes, homeowners insurance, HOA dues (if any), maintaining the property and complying with all loan terms. Not complying with all loan terms can result in defaulting on the loan and borrowers can be subject to foreclosure.

Also with a reverse mortgage loan, lenders do not establish escrow accounts to pay for property taxes and homeowners insurance. You can manage your finances so loan proceeds or other funds are available to pay for these expenses. Alternatively, a set aside account can be established to pay for tax and insurance obligations and borrowers can fund this account from their reverse mortgage loan proceeds.

Find out how much cash you may qualify for. Call today!

Baby boomers demand more out of their retirement than ever. They've worked hard and they deserve to live stable and happy lives. And yet, the number one fear for older Americans is – are we going to run out of money? Retirement needs are changing – people are living longer, many lead more active and healthy lifestyles, and eventually, some of us might require more care. The reality is most of us do not have the financial resources to fund our longevity.

THAT WAS THEN

Retirement is not what it used to be

The traditional three-legged approach to funding your retirement with savings, Social Security and a 401(k) or pension plan may not be enough to live on. However, there is a solution that may help you along a path to a more stable retirement - a savings plan that you've been investing in all these years. It's your home's equity, and it can be accessed through a reverse mortgage loan.

Helping you on the next leg of your journey

A reverse mortgage loan can create a source of funds that may not be feasibly accessed in any other way. Through this solution, you can utilize home equity as a fourth leg to your retirement plan. A reverse mortgage loan provides you the flexibility to use funds when and how you choose – giving you more cash, security and peace of mind.

THIS IS NOW!

How can you qualify?

What are the qualifications?

Qualifications include:

p The borrower on title must be 62 ye
borrowing spouse may be under age 62)

pThe home must be the borrower's p

pThe borrower must own the home a
requirements of the HECM program

Reverse Mortgage Loan Options.

The amount you receive is based on these factors:

AgeHome ValueInterest Rates

Age of the
youngest eligible The higher the The lower the
borrower or eligible appraised home interest rate, the
non-borrowing value, the more more funds may be
spouse - the older
the borrower(s), funds may be available
the more funds available
may be available

You'll have flexibility to choose from one or more of these loan disbursement options:

Lump Sum Monthly Growing Line of
Payout Installments Credit

Pay off large Regular cash Access the
expenses installments in the available "standby"
amount you need funds when you
for a set period of need them
time or for life*

Available with Tenure-Based or Modified Tenure plans, so long as Borrower does not default on the loan. Borrower must maintain home as principal residence, pay all taxes, insurance, maintain the home, and comply with all other loan terms. With Modified Tenure plans, lender will set aside a specific amount of money for a line of credit.

Picture is not photo of actual borrowers.

23%

of Americans have less than $10,000 saved1

One-third of Americans report they have no retirement savings1

[1] *Time.com, "1 in 3 Americans Has Saved $0 for Retirement" updated March 14, 2016. http://time.com/money/4258451/retirement-savings-survey/, accessed 8/23/16*

Common uses of a reverse mortgage loan

1. Pay off an existing mortgage (required as part of the loan) and eliminate monthly mortgage payments, provided that you pay taxes, insurance, and maintain the property
2. Make retirement savings last longer
3. Use a “standby” HECM reverse mortgage growing line of credit to preserve investment accounts during market downturns or build a safety net for unplanned emergencies, home repairs and healthcare expenses
4. Supplement your retirement income with monthly payments
5. Use a HECM for Purchase loan to buy a home that better fits your needs (see page 14 for more information)
6. Support aging in place expenses, like caregiving and home modifications

5 advantages of HECM reverse mortgages:

ONE
No monthly mortgage payments†

TWO
Tax-free loan proceeds*

THREE
Keep your home†

FOUR
Federally-insured by the government

FIVE
Delay your Social Security benefits

** Consult your tax advisor.*

† With a reverse mortgage loan, foreclosure is possible for reasons including failure to maintain the property and to pay taxes and insurance.

HECM product changes

How do they benefit me?

HECM product guidelines were put in place by the United States Department of Housing and Urban Development (HUD) to protect borrowers and further strengthen the HECM reverse mortgage loan product.

Financial Assessment

HUD now requires a more thorough evaluation of a borrower's ability to meet the obligations of his/her HECM reverse mortgage loan.

Non-borrowing Spouse

Loan amounts are available to borrowers with a non-borrowing spouse under the age of 62. Rules allow the eligible spouses of borrowers who pass away to stay in the home without foreclosure, as long as the surviving eligible spouse complies with the loan terms.

More Affordable Over Time

Upfront mortgage insurance premiums (MIPs) have been standardized by the FHA to bolster the reverse mortgage loan product. Effective October 2, 2017, borrowers will be charged an upfront MIP of two percent of the appraised value of the home. Annual MIPs have also been reduced - borrowers will now be charged an annual MIP of 0.5% of the outstanding mortgage balance – reduced from 1.25%.

(On a $200,000 balance, 1.25% is $2,500 vs $1,000 for 0.5%.)

Consumer safeguards

A number of consumer safeguards have been established to protect reverse mortgage borrowers. These protections ensure lenders like us are doing their jobs right, and that you and your family have a thorough understanding of how a reverse mortgage loan works. The following consumer safeguards were instituted for your benefit:

CALL NOW to speak with your r

1

No Pre-payment Penalty

You can choose to repay the loan at any time without incurring any additional costs.

2

Non-recourse Loan

HECMs are non-recourse loans, which means the lender cannot collect more than the value of the home if the loan is called due and payable.

3

Counseling

All reverse mortgage applicants undergo independent, third-party counseling. This ensures that borrowers understand the financial implications associated with their reverse mortgage, what their obligations are and what other alternatives may be available to them. We are in favor of third-party counseling so that you feel completely comfortable with the process and understand your options.

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reverse mortgage professional.

4

Safer

HUD established limits on the amount of money you can borrow during the first year of your loan. This may ensure home equity proceeds last longer.

5

HUD Fee Limitations

HECM origination fees are regulated by HUD. Other HECM reverse mortgage costs may vary among creditors and loan types.

6

Greater Retirement Security

Financial advisors are including the reverse mortgage growing line of credit as part of their clients' long-term retirement planning strategies, helping stretch other investments even longer into retirement.

4 Common questions

1. Does the bank own my home?

No. Reverse mortgage borrowers retain ownership, and the loan is secured by a lien on the home. They are not relinquishing title or ownership using a reverse mortgage loan, but borrowing against the value of the home. Borrower(s) may not lose their home under normal circumstances as long as they comply with loan terms including paying for taxes, insurance, and maintaining the property. Also an escrow account is not typically set up to pay for taxes and insurance.

2. What are the different ways I can receive my reverse mortgage funds?

Reverse mortgage loan funds can be disbursed in a number of ways: full or partial lump sum, as a line of credit, through monthly payments, or a combination of any of these.

3. What if the loan amount ends up more than the value of the home? Who will be responsible for the loan?

Reverse mortgages are non-recourse loans. What this means is that if somehow the loan balance ends up surpassing the value of the home, the lender cannot collect more than the value of the home at loan maturity. Under the HECM program, the difference between the loan balance and the home value is covered by the Federal Housing Administration’s (FHA) insurance fund.

4. Will a reverse mortgage loan affect my Social Security, Medicare or pension benefits?

No, these benefits will not be impacted. Reverse mortgage loan funds are considered loan proceeds and not income. However, Medicaid and other need-based benefits may possibly be affected. What’s more, the longer you wait to access Social Security benefits, the more you may receive each month. A reverse mortgage can help delay accessing Social Securityand may boost your lifetime retirement income.

Reverse mortgage process

Here is a step-by-step look at the reverse mortgage loan process. We are here to listen to your goals, look at your current financial situation, and answer any questions you may have.

Call Us Today

1 The first step is to learn more and the best way to determine if a reverse mortgage suits your specific situation is to call us. Our licensed reverse mortgage professionals will walk you through a free, no-obligation financial snapshot of your situation, how much you may qualify for, and then help you decide on your next steps.

Counseling & Application

2 In order to safeguard your interests, HUD requires all reverse mortgage loan applicants to undergo reverse mortgage counseling. Your reverse mortgage professional will be happy to help you with your loan application and answer any questions along the way.

Processing & Approval

3 We will then schedule an appraisal to determine the value of your property – a requirement for every mortgage application. The appraisal will be added to your application and submitted for underwriting review.

Closing

4 A closing agent will contact you to sign the final documents and discuss any funding questions you might have.

Did you know you can buy a home with a reverse mortgage loan?

A HECM for Purchase loan combines a reverse mortgage with the equity from the sale of your previous home - or from other savings and assets - to buy your next primary home in a single transaction. Regardless of how long you live in the home or what happens to your home's value, you only make one down payment towards the purchase, provided that you pay taxes, insurance and maintain the property.

Picture is not photo of actual borrower.

Additional advantages include:

- No monthly mortgage payments**
- Increase your purchasing power
- Contributes toward the financing of the new home purchase
- Rightsize to a lower maintenance home
- Buy a home closer to family and friends
- Lower your cost of living during retirement

***Provided that you pay property taxes, homeowner's insurance, and maintain the property.*

Sell Your Home

You receive $500,000 from the sale of your existing home.

Purchase New Home

You find a NEW home for $350,000.

Use $200,000 as a down payment.

Use $150,000 from a HECM For Purchase to complete new home purchase.

$200,000	DOWN PAYMENT
+$150,000	HECM TO COMPLETE PURCHASE
$350,000	NEW HOME PURCHASE PRICE

$300,000 at your disposal and no monthly mortgage payments, provided that you pay property taxes, homeowner’s insurance and maintain the property

For illustration purposes only. Closing costs and other settlement costs are additional. The liens on the home need to be paid off when it is sold.

BENEZRA
HOME LOANS

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These materials are not from HUD or FHA and were not approved by HUD or a government agency.

A reverse mortgage increases the principal mortgage loan amount and decreases home equity (it is a negative amortization loan).

When the loan is due and payable, some or all of the equity in the property no longer belongs to borrowers, who may need to sell the home or otherwise repay the loan with interest from other proceeds. The lender charges an origination fee, mortgage insurance premium, closing costs and servicing fees (added to the balance of the loan). The balance of the loan grows over time and the lender charges interest on the balance. Interest is not tax-deductible until the loan is partially or fully repaid.

Borrowers are responsible for paying property taxes, homeowner's insurance, maintenance, and related taxes (which may be substantial). We do not establish an escrow account for disbursements of these payments. A set-aside account can be set up to pay taxes and insurance and may be required in some cases. Borrowers must occupy home. as their primary residence and pay for ongoing maintenance; otherwise, the loan becomes due and payable. The loan also becomes due and payable (and the property may be subject to a tax lien, other encumbrance, or foreclosure) when the last borrower, or eligible non-borrowing surviving spouse, dies, sells the home, permanently moves out, defaults on taxes, insurance payments, or maintenance, or does not otherwise comply with the loan terms. V2017.08.23_OR