

Reverse Mortgages

Cash to Cover Expenses! Funds to Achieve Dreams!

A QUICK Q&A ON HOW TO OPTIMIZE RETIREMENT CASH FLOW WITHOUT SELLING YOUR HOME

► What is a reverse mortgage?

- It's a special type of loan that enables individuals aged 62 and over to convert some of their home's equity into tax-free cash.
- Unlike traditional equity loans, no repayment is required until the home is no longer the principal residence. Client must keep taxes and homeowner insurance current while maintaining property.

► Who is eligible?

- Homeowners who are at least 62 years of age and occupy the property as their principal residence
- Eligible properties include single-family homes, condos, town homes, manufactured homes, or a 2-4 unit dwelling
- Existing mortgage(s) must be paid at time of closing.
- No income, credit or employment qualifications.

► How much cash can someone receive?

- The amount that can be borrowed is based on a HUD formula that factors in the age of the youngest borrower, interest rate, & appraised value

► What are some of the benefits?

- The reverse mortgage customer always retains ownership and lives in their home
- Cash advances can be used for any purpose
- Loan proceeds are tax free, not considered income, and will not affect Social Security or Medicare benefits. However, your monthly reverse mortgage advances may affect your eligibility for some other programs. Consult either your local program offices or your attorney to determine how, or if, monthly reverse mortgage payments might affect your specific situation

► Can a reverse mortgage be used to purchase a home?

- Yes, since 2009.
- FHA insured Home Equity Conversion Mortgages can be used to buy a home

► What type of interest rate options are there?

- FHA-Insured fixed and Adjustable rate

► What are the tax-free cash options?

- Lump sum advances make cash immediately available
- Tenure plans provide fixed monthly cash advances for life.
- Term payment plans provide fixed monthly cash advances for specific periods of time
- Line of credit makes cash available on request. Unused credit is not charged interest until used.

► What are the costs involved?

- Origination Fee
- Appraisal Fee
- Title and/or attorney fees
- Mortgage Insurance (FHA loans)
- Other normal closing costs, including state taxes (where applicable).
- Closing costs (except appraisal fee) may be financed.
- The borrower is expected to continue maintaining the property, paying current real estate taxes and hazard insurance

► How is the loan repaid?

- A reverse mortgage is due and payable when the property is no longer considered the borrowers' principal residence

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