

Reverse Mortgage Fact Sheet



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A Reverse Mortgage is a great way for someone age 62 or over to access the equity in their home for additional tax-free cash while eliminating their monthly mortgage payment.



What are the main reasons why you should consider a Reverse Mortgage?

- You are concerned that your retirement funds will not be sufficient
- You have a strong desire to stay in your home
- You want financial independence from your children or others

What are the most common product options?

<p><u>1. FHA Fixed Rate Standard</u> Your rate is fixed for the life of the loan. Generally the upfront, financed costs are reduced and the benefit is maximized. You must take all proceeds at closing.</p>	<p><u>2. FHA ARM Standard</u> Your rate adjusts each month to the 1-month LIBOR Index plus the applicable margin. The upfront, financed costs are higher but you get the flexibility of not having to draw all the funds at closing</p>	<p><u>3. FHA ARM HECM Saver</u> Very similar to the Adjustable Rate Standard except that the upfront, financed costs are much lower however you are eligible for less funds.</p>	<p><u>4. Jumbo Reverse Mortgage</u> Generally only for homes worth more than \$1 Million dollars. Has a higher interest rate and lends a lower percentage of equity, however this gives you access to much larger amounts of funding for expensive homes.</p>
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What should you look for in a Reverse Mortgage? "All FHA-insured Reverse Mortgages are created equal,"™ meaning that if you choose one of the first 3 products above (referred to as HECMs by FHA/HUD), there should be no variance in the amount you qualify for from lender to lender. After that, the only difference is closing costs. Look for these 3 features:

- Interest Rate – For a Fixed Rate, look for a rate of 5.06% or lower
- Monthly Service Fee – In most cases this should be \$0.00!
- Origination Fee – This should be minimal, if not \$0.00 for a fixed rate
- Other Closing Costs* – Paid to a 3rd party (like for an appraisal), total is generally \$1,500 to \$2,500

* These should never change much from lender to lender, don't be tricked by a low amount here!



For more information and a *FREE* reverse mortgage calculation go to www.legacyreversemortgage.com