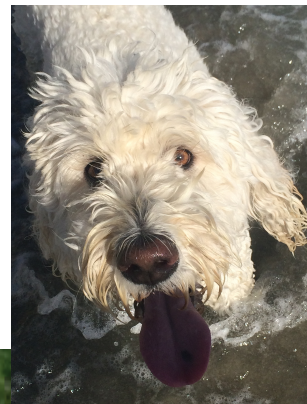


# Six Frequently Asked Questions

## About Reverse Mortgages



A reverse mortgage is a loan that enables homeowners who are at least 62 years old to convert some of their home equity into cash, a line of credit, or to finance a home purchase with the freedom of no monthly mortgage payments. The borrowers continue to live in and own their home.

Unlike a traditional home equity loan or home equity line of credit, a reverse mortgage doesn't have to be repaid until the last surviving borrower or an eligible Non-Borrowing Spouse, if applicable, no longer lives in the home, or the home is sold. If the borrower does not meet loan obligations such as taxes and insurance, and maintaining the condition of the home, then the loan will need to be repaid.

### 1 Am I Eligible?

To be eligible for a reverse mortgage:

- All titleholders must be age 62 or older.
- The home must be the borrowers' primary residence, and must meet Federal Housing Authority (FHA) minimum property standards.
- You must have sufficient home equity. A Loan Broker from Labrador Consulting Inc. can tell you if you have enough home equity to qualify.

More information on reverse >>

## 2 Will the Bank Own My House?

**No.** Just like a traditional mortgage, as long as the terms of the loan are met, the borrowers retain full homeownership and can sell the home at any time.

## 3 How Much Money Can I Get?

This is determined by the age of the youngest borrower, or eligible Non-Borrowing Spouse, your home value, the amount of equity, FHA lending limits, the current interest rate, and the reverse mortgage product and payment option you choose. A Loan Broker from Labrador Consulting Inc. can provide you with a quote that's tailored to your specific situation, with no cost or obligation.

## 4 How Do I Receive My Proceeds?

You can take your funds as a lump sum; monthly payments for a specified time period, or for as long as you live in the home; a line of credit; or a combination of these.

## 5 Am I Spending My Children's Inheritance?

A reverse mortgage may help you plan for a more comfortable retirement, lived with greater financial independence. At Labrador Consulting Inc. we encourage you to involve family members in your decision process — so you can make the choice that's right for you. When the home is sold or is no longer your primary residence, the loan must be

repaid. Any remaining equity belongs to you or your estate, and can be transferred to heirs.

## 6 What are the Costs Associated With a Reverse Mortgage?

In addition to interest, the costs can include a property appraisal fee, origination fee, closing costs, mortgage insurance premium, servicing fee and a modest charge for HECM counseling. While closing costs vary based upon the type and size of the loan, they're the same as those for any traditional mortgage. You can roll most of the up-front costs into the loan, so out-of-pocket expense can be minimized. A Labrador Consulting Inc. Loan Broker will be pleased to give you a detailed cost breakdown.

## For answers to all your reverse mortgage questions, contact me anytime:

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