

THE REVERSE MORTGAGE

A solution for senior homeowners who would like to be able to stay in their home during their retirement years



“When You Want It Done Right!”

SITUATION:

You are a senior homeowner needing to supplement your current fixed income and one of the following applies to your situation:

- You would like to eliminate your monthly mortgage payment.
- You would like to draw equity out of your home to help with your financial needs.
- You need to use your home equity to eliminate major debt and your largest available asset is your home.

WHO QUALIFIES:

You must meet the following criteria to qualify for the Reverse Mortgage:

- All homeowners must be at least 62 years old.
- The subject property must be your primary residence.
- The subject property must be one of the following: single family residence, condominium, townhouse, PUD (Planned Urban Development), or manufactured home.
- Your current mortgage balance must be no larger than 50% of your home’s value (maximum percentage varies based on the youngest homeowner’s age).

BENEFITS:

You can liquidate a large portion of your home’s equity to be used tax-free for any reason you determine. Unlike a home equity line of credit or a cash-out refinance, there is no monthly repayment of the loan. A Reverse Mortgage can help senior homeowners stay in their beloved homes, even in the face of rising medical costs and increasing daily living expenses. You won’t be forced to look into other options like having to sell your home to move in with a relative or having to move into a nursing home.

DETAILS:

- **Officially called a Home Equity Conversion Mortgage (HECM), this loan is insured by the FHA (Federal Housing Administration) and was first created in 1989. The HECM accounts for over 95% of all Reverse Mortgages closed.**
- **This is a “non-recourse” loan, meaning that no asset will be required to be used for repayment other than the proceeds from the future sale of the home.**
- **There are no credit or income qualifications.**
- **Repayment occurs when the final homeowner on the title sells the property, permanently moves into an assisted care facility, or passes away.**
- **The loan can be repaid at any time without penalty.**
- **Homeowners, or those they bequeath the house to, will remain on title. The home will not be taken back by the bank upon death of the homeowner(s).**
- **Maximum home value will be set by the FHA’s 203b limits. Anything above the limit is retained equity and will not be included in the loan valuation.**
- **Rate can be fixed or adjustable. The adjustable rate is based on the LIBOR index, plus a margin.**
- **At the time of loan repayment, the outstanding loan amount and closing costs, plus accrued interest, will be paid off on the homeowners behalf.**
- **The loan can be paid back by either selling the property or refinancing back to a “forward” mortgage.**

Fairfield Mortgage Associates
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