WELLS FARGO HOME MORTGAGE

The Next Stage

Reverse Mortgage

Cash to Cover Expenses. Funds to Achieve Dreams.

A QUICK Q & A GUIDE 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 or older to convert some of their home's equity into tax-free[1] funds
- Unlike traditional equity loans, you receive payments instead of making them

Who is eligible?

- Homeowner(s) who are at least 62 years of age and occupy the property as their principal residence
- Eligible properties include single-family homes, condominiums and townhomes, or a 2- to 4-unit dwelling
- The home must be owned free and clear or have a small remaining balance that can be paid off with the reverse mortgage
- No income, employment or credit requirements are required[2]

How much can someone borrow?

- The amount that can be borrowed is based on a HUD formula that factors in the age of the youngest homeowner, the interest rate, appraised value, and the county where the property is located

What are some of the benefits?

- The reverse mortgage customer retains ownership and lives in their home
- Cash advances can be used for any purpose
- Loan proceeds are 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.

What type of interest rate options are there?

- The reverse mortgage is a variable-rate loan linked to the one-year U.S. Treasury Security Rate
- Any adjustment in the rate has no effect on the amount or the number of loan advances the customer can receive, but causes the loan balance to grow at a faster or slower rate

What are the tax-free[1] cash options?

- Lump sum advances make cash immediately available
- Tenure plans provide fixed, monthly cash advances
- Line of Credit makes cash available upon request

What are the costs involved with a reverse mortgage?

- There are closing costs, which can be financed into the loan. These may include an origination fee, title insurance, appraisal, a mortgage insurance premium and attorney fees
- Typically, the out-of-pocket expense required is about $300
- The customer is expected to continue maintaining the property, paying the real estate taxes and hazard insurance premiums

How is the loan repaid?

- You do not need to repay the loan as long as you or one of the borrowers continues to live in the house, keep the taxes and insurance current, and maintain the property to FHA standards
- Please ask your reverse mortgage consultant for details about when repayment may be due
- Any remaining home equity belongs to you or your heirs - none of your other assets will be affected by the reverse mortgage

Call me today for a complimentary consultation.

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1. Consult a tax advisor. 2. Reverse Mortgage borrowers are required to obtain an eligibility certificate by receiving counseling sessions with a HUD-approved agency. Family members are also strongly encouraged to participate in these informative sessions. Call for more detailed program information. This information is accurate as of date of printing and is subject to change without notice. Wells Fargo Home Mortgage is a division of Wells Fargo Bank, N.A.

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