



Hey! Where Did My Inheritance Go?

*Frequently Asked Questions for
Children & Heirs about Reverse Mortgages*

Will Mom and Dad use up my inheritance?

Your parents' home may be appreciating in value, which could allow for some equity left at the end of the loan. They are also able to live comfortably without having to depend upon family members to support them.

Will the bank take their home?

No, the bank will not take their home. Your parents will continue to own their home and retain title.

How much money will they owe when the loan has to be repaid?

Your parents will owe the total amount borrowed, accumulated interest, and any other costs and fees financed through the loan amount.

Why Choose Bay Area Reverse Mortgage?

Unlike direct lenders that can only offer seniors their own company's products, Bay Area Reverse Mortgage has access to the products of a variety of reverse mortgage lenders.

Our access to a wider variety of products enables us to offer our customers the best solution for their financial needs, without restriction to just one lender.

What happens to the equity if my parents or I decide to repay the loan by selling the house?

If they decide to sell the home and use the proceeds to pay off the reverse mortgage, the remaining equity is retained by the owners or heirs.

What happens to my mom and dad's house if they move into a senior care facility?

A reverse mortgage becomes due when the last borrower moves out of his or her home permanently. For instance, moving into a senior care facility, selling the home, passing away or moving in with the children.

What happens if the loan balance becomes greater than the value of the home?

The Home Equity Conversion Mortgage (HECM) is a non-recourse loan, which means that the borrower can never owe more than what the house is worth. As HECM borrowers, your parents pay a mortgage insurance premium to the U.S. Department of Housing and Urban Development (HUD.) They, in turn, guarantee that the borrower will never owe more than the value of their home.

What are the risks my parents would be taking in receiving a reverse mortgage?

A reverse mortgage doesn't affect regular Social Security or Medicare benefits. To find out if it impacts other federal or state assistance or medical programs, contact your tax attorney or counseling agency.

Special thanks to our friends at All Reverse Transactions for this article (www.artreverse.com)

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Why It's a Mistake to Associate Reverse Mortgages with the Sub Prime Mortgage Crisis

by Yolanda Lane, Loan Consultant, CSA

Recent headlines in the Wall Street Journal, on CNN and FOX news have heralded the Sub prime Mortgage crisis. Unfortunately, many have begun to associate reverse mortgages with these recent problems. That couldn't be further from the truth. So here are a few key ways the two differ:

- Sub-prime Loans are products with higher than prime interest rates given to applicants with less than stellar credit, while Reverse Mortgages have no income or credit score qualifications.
- Reverse Mortgages cannot go into foreclosure because borrowers are not required to make payments during the life of the loan.
- Reverse Mortgages are only for seniors 62 or older and therefore restricted to a certain segment of the population.
- Interest rates on HECM Reverse Mortgages are very close to 30-year fixed rates offered to A1 Credit borrowers, the opposite of Sub prime borrowers.

If you or a client have concerns about the stability or financial viability of a reverse mortgage, please contact one of our loan specialists today.

★ LIVING ALTERNATIVES FOR SENIORS ★

**Upcoming Workshops For Seniors on Alternatives for
Enjoying Retirement, including options for Aging in
Place and Maintaining an Active Lifestyle**

September 13, 2007 ★ Holiday Inn ★ Concord, CA

September 20, 2007 ★ Waterfront Plaza Hotel ★ Oakland, CA

Call (510) 463-0143 or write to mappel@bayarearm.com to RSVP

ONLINE RESOURCES FOR SENIORS

If you are a senior, an adult child or concerned family member or a professional serving seniors, the following websites will be helpful in researching topics related to aging in place, reverse mortgages and other quality of life issues.

American Association of Retired Persons (AARP) • www.aarp.org

Certified Senior Advisors • www.society-csa.com

Fannie Mae • www.fanniemae.com

U.S. Dept. of Housing and Urban Development (HUD) • www.hud.gov

Medicare/Medicaid • www.cms.hhs.gov/home/medicaid.asp

Medi-Cal • www.medi-cal.ca.gov

National Aging in Place Council (NAIPC) • www.naipc.org

National Reverse Mortgage Lenders Association • www.nrmla.org

National Council on the Aging • www.ncoa.org

**Courtesy of the Professionals at
Bay Area Reverse Mortgage**

Veronica Aguilar..... 925-550-0780

Miren Alvarez..... 415-333-5575

Marty Appel..... 510-463-0143

Julia Demeter 510-339-4450 ext. 204

John Holmgren 510-339-2121

Yolanda Lane 510-776-3342

Laura Levy..... 510-521-6465

Anthony Marshall..... 510-339-4450

Suzanne Wolfson..... 415-464-1388



**Bay Area Reverse Mortgage
2080 Mountain Blvd. #203
Oakland, California 94611**