



What are the Pro's and Con's of a REVERSE MORTGAGE

There are a lot of loan products available on the market today. One of particular value to seniors, 62 years and older, is the Reverse Mortgage. With a Reverse Mortgage, a senior homeowner is able to use the equity in their home to provide supplemental income for retirement, home improvement projects, medical bills or other major purchases. With the growing popularity of the program, it is important for seniors to have a good idea of the pros and cons of the reverse mortgage before making a decision.

PROS

1. Disbursements are tax-free and will continue as long as you remain in your home.
2. No mortgage payments have to be made until you move, sell or pass away.
3. There is no penalty for early repayment.
4. There is no restriction on how you use the money.
5. The loan amount can never exceed the value of your home, per federal law.
6. The loan is FHA/HUD insured and regulated, which means that even if the lender defaults, you still receive your loan advances.
7. There are no income or credit requirements.
8. There are a variety of ways to receive the money, including a lump sum, line of credit and monthly payment—or any combination of these.
9. Closing costs for the loan can be paid from the loan proceeds.
10. You maintain all rights and privileges of home ownership
11. Disbursements received from a Reverse Mortgage are considered a loan and not income, and therefore do not effect Social Security Benefits. *(If receiving Medicaid or SSI, please check with your tax advisor)*

CONS

1. Heirs will need to repay the loan upon maturity. Repayment of the loan may require that the house be sold or that the heirs refinance the loan and assume a new obligation.
2. The earlier that you sign up for the loan, the smaller the amount you can receive.
3. If you elect to get part of the disbursement in a lump sum, the amount you can receive on a monthly basis is smaller.
4. The closing costs of the loan are typically higher than those for regular mortgages. (FHA required mortgage insurance represents the bulk of the increased cost.)

For more information call our office at 888-420-0111 and talk with one of our loan specialists to determine if a Reverse Mortgage is right for you. You may also visit our website at www.mylifetimeincome.com



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