



REVERSE MORTGAGE GUIDE FOR HOMEOWNERS

73% of adults rank finances as the largest source of stress in their lives. With a reverse mortgage, you can use your home equity to reduce financial stress and build a brighter future.



In this guide, you'll learn:

- ✓ If tapping home equity could make sense for your financial situation
- ✓ How a reverse mortgage works and compares to other options
- ✓ The protections and security features that help make home equity products safe
- ✓ Why millions of people have opted to use a reverse mortgage as part of a holistic approach to their retirement planning



IMPORTANT TO KNOW

As you read through this guide, keep in mind the following reverse mortgage requirements:

- Must meet all loan obligations, including using the property as your primary residence
- Must pay property charges including property taxes, fees, and hazard insurance
- Must maintain the home



Confronting the “Elephant in the Room”

Let's get this out of the way first: **reverse mortgages are not a scam.**

Consumers widely misunderstand these loans, which has created an unnecessary stigma around reverse mortgages that persists to this day.

The truth is, reverse mortgages are a well-regulated financial solution and, for the right borrower, a safe and strategic resource for meeting needs, improving lifestyle, and adding flexibility to a retirement plan.

Okay, but what's the catch?

There is no “catch” with a reverse mortgage. However, it's important to remember that the proceeds are in the form of your home equity, and you are paying to access that cash. Like with any other loan, the lender charges interest that accrues over time. Since no payments are required, the balance can grow and compound over time. At the end of your loan, the balance will need to be repaid but the amount that you or your heirs are responsible for will not exceed the value of the home when it's sold to repay the loan.



HOW IT WORKS

A reverse mortgage converts your home equity into usable cash, similar to a home equity line of credit (HELOC). The unique benefit of a reverse is that **you don't need to pay back the loan month after month**. Instead, you pay it all back at the end.



You don't make monthly mortgage payments.



You still pay your property taxes, insurance, and other property charges, as well as maintain the home.



You live in the house as your primary residence for as long as you like/are able to.



Meanwhile, the balance of the loan is accruing with interest. The balance of the loan accrues interest, which can be slowed by making optional payments.

Can I apply for a reverse mortgage?

As a starting point, reverse mortgages are exclusively available to homeowners 55 and older, though some states or product types require you to be 60 or 62. Speaking with an experienced loan officer can help determine if a reverse mortgage is a sensible and available option for you.

How much do I qualify for?

Speaking with an experienced loan officer is the best way to get concrete numbers that reflect your individual situation. The amount you may qualify for is highly dependent on several variables, including:

- ✓ Your age
- ✓ The state you live in
- ✓ Current interest rates
- ✓ Your home's value
- ✓ The reverse product and disbursement option you choose

How will I receive my cash?

For most products, you have the ability to access your home equity in the way that makes the most sense for your financial needs. Options include receiving a lump sum upfront, setting up monthly disbursements, establishing a line of credit – or a combination of all three.

What happens at the end of the loan?

Typically, a reverse mortgage ends when you no longer use the home as your primary residence. This could be due to several factors, including a permanent move, selling the home, or the last borrower passing away. At this time, the balance must be repaid.

It's important to remember that reverse mortgages are non-recourse loans, which means that you, or your estate, can't owe more than the value of your home when the loan becomes due and the home is sold.

What about closing costs?

Closing costs for a reverse mortgage are near-identical to what you would expect to pay when obtaining a traditional forward mortgage. Most of the costs can be financed into the loan, so there is a minimal out-of-pocket upfront cost. Here's what you can typically expect to see:

Similar to what you'd expect with a forward mortgage:

- ✓ Appraisal (usually paid in advance)
- ✓ Title services and title insurance
- ✓ Credit report
- ✓ Property inspection (not always required)
- ✓ Origination fee (if applicable)
- ✓ State and local taxes, and tax verification fee
- ✓ Government recording fees

Unique to a reverse mortgage:

- ✓ Reverse counseling (paid in advance)
- ✓ FHA insurance (only for HECM loans)

Have more questions? We have answers.



SELF-ASSESSMENT

IS A REVERSE RIGHT FOR ME?

A reverse mortgage is a great solution for many, though not all. In the right situation, tapping home equity can be an incredible resource for finding new meaning and maximizing the possibilities of life.

Ask yourself:

- ☐ What are my retirement goals? How close am I to accomplishing them?
- ☐ Is my home meeting my needs?
- ☐ How long can I live in my home?
- ☐ Do I want to leave my home to my kids? Do they want that?
- ☐ Would an unexpected expense take me off track?
- ☐ Am I still working just for the money? Is that how I want to fill my time?
- ☐ Where will I be in 5 years? Where do I want to be?
- ☐ What excites me about life? Am I doing enough of it?
- ☐ What dreams are left for me to chase? What's holding me back?



Your retirement years are precious.

What are you doing with them? What could you be doing with them?

Need some inspiration? The next page shows how a reverse mortgage can be used to help you make the most of the road ahead.

WAYS TO USE IT

It's your equity. Use it your way.

With the freedom and flexibility that comes from increased cash flow and additional funds, a reverse mortgage gives you endless options to live more comfortably and **pursue the future that's right for you.**

Meet Donna

Donna from California wanted to stay in her home but needed cash for monthly healthcare expenses. She used her reverse mortgage **to eliminate her monthly mortgage payment** and get access to home wealth that was already hers, creating additional cash flow to meet her retirement needs.

Meet Jeff and Dee

Jeff and Dee always dreamed of retiring early and traveling the world. With the help of a reverse mortgage, they unlocked their home equity and used that cash **to fund the adventure of a lifetime.**



Meet Rebecca

Rebecca from Texas loved her home, but it desperately needed repairs. With the help of a reverse mortgage, she used the funds from her loan **to make the necessary fixes and had cash left over to update her kitchen**, ensuring she could stay in and enjoy her forever home for as long as she wished.

Other Ways You Could Use Your Equity

The possibilities are endless, but here are some ideas to get you inspired.

- ✓ Maintain a line of credit (that grows) for health emergencies and surprises
- ✓ Fill financial gaps in your retirement plan while avoiding selling assets/investments that are still growing
- ✓ Retire early and pay for health insurance until Medicare kicks in
- ✓ Pay for your children's/grandchildren's education or help your family navigate financial emergencies
- ✓ Buy a new home without locking yourself into monthly mortgage payments
- ✓ Pay for short-term medical emergencies or long-term care
- ✓ Create a set-aside fund to pay real estate taxes and property insurance
- ✓ Eliminate credit card debt and avoid new debt*
- ✓ Start a business or fund a passion project

* If you are considering debt consolidation, consult a nonprofit credit counselor.





PRODUCT OPTIONS

Whatever your retirement goals, there are home equity solutions to help you reach them. The right product for you will depend on your location, home value, and specific needs, so it's important to reach out to an experienced loan officer who can help you better understand the available options.



Get lower upfront fees or maximum proceeds.

A customizable home equity solution for those looking for more rate options, a flexible line of credit, and loan amounts up to \$4M.



Improve retirement with an FHA loan.

The traditional Home Equity Conversion Mortgage (HECM) for borrowers 62+ that's insured by the Federal Housing Administration (FHA).



Unlock equity with a HELOC alternative.

A second mortgage for accessing a portion of home equity without adding a new monthly mortgage payment or impacting a current mortgage*.

The HomeSafe reverse mortgage is a proprietary product of Finance of America Reverse LLC and is not affiliated with the Home Equity Conversion Mortgage (HECM) program. Not all HomeSafe products are available in every state. Please contact us for a complete list of availability.

*The borrower must meet all loan obligations, including meeting all loan obligations under the first lien mortgage, living in the property as the principal residence and paying property charges, including property taxes, fees, hazard insurance. The borrower must maintain the home. If the homeowner does not meet these loan obligations, then the loan will need to be repaid.



LOOKING FOR A SIMPLE EXPLANATION?

Watch our [animated explainer video](#) to better understand reverse mortgages in under three minutes.

bit.ly/ReverseExplained



REVERSE FOR PURCHASE: INCREASE YOUR BUYING POWER TOWARDS A NEW HOME.

Boost your buying power to relocate, purchase the home of your dreams, or rightsize into something that better fits your needs.



WHAT MAKES A REVERSE MORTGAGE DIFFERENT?

The traditional forward mortgage (such as a 15/30-year fixed) and home equity line of credit (HELOC) have their places in the financial universe. However, reverse mortgages offer unique advantages for borrowers in or nearing retirement.

See how the reverse mortgage, commonly known as the home equity conversion mortgage (HECM), and the proprietary reverse mortgage product, HomeSafe®, compare to more traditional loan options:

	REVERSE MORTGAGE		VS	TRADITIONAL MORTGAGE	
	HECM	HomeSafe		HELOC	15/30-yr fixed
Monthly mortgage payments	Optional	Optional		Required	Required
You still own your home	Y	Y		Y	Y
Unused line of credit grows regardless of equity*	Y	Y		N	N/A
Non-recourse loan	Y	Y		N**	N**

*Available only for HECM reverse mortgage loans with the line of credit option selected by the borrower.

**Except where prohibited by state law

WHAT'S THE PROCESS FOR GETTING A REVERSE MORTGAGE?

The reverse mortgage process is similar to getting any other mortgage. You'll have licensed experts guiding you every step of the way. Here's a summary of what to expect:



STEP 1 EDUCATION

A licensed loan officer will assess your individual needs to determine if a reverse mortgage is right for your financial situation. **This is a great time to get all your questions answered and your concerns addressed.** Including family members and trusted financial advisors can help you make a confident and informed decision.



STEP 2 COUNSELING

Reverse mortgage applicants are **required to undergo independent counseling to ensure that they fully understand their financial decision.** Counselors are approved by the U.S. Department of Housing and Urban Development (HUD) and have no affiliation to lenders. These sessions usually last 60 to 90 minutes and can be done in person or over the phone (some states require face-to-face counseling). Ask your loan officer for a list of counselors in your area.



STEP 3 APPLICATION

As with any other loan, the application involves a lot of paperwork. An expert loan officer will be by your side to let you know exactly which supporting financial documents you'll need to provide, making the process as seamless as possible.



STEP 4 PROCESSING & APPRAISAL

Once your application is complete, your loan officer will submit it for processing. **A home appraisal will be scheduled to determine your property's value and ensure your home is in a livable condition.** In some cases, repairs may be required to adhere to the terms of the loan and a portion of your proceeds may need to be set aside to pay for any necessary updates.



STEP 5 CLOSING

Once the loan is approved, the last step is to sign the final documents. Any existing mortgage(s) will be paid off with a portion of the proceeds from your reverse mortgage. After the closing, there is typically a three-day rescission period, after which the loan will fund, and you'll receive your money.

“

To have full-time healthcare and the equity in the home to pay for it overcomes by hundreds of percentages what the value of the home is. **The value of the house is the value of my mother's life.**”

— Son of a real reverse borrower

Source: Reverse Mortgage Magazine
Nov-Dec 2021



BUSTING THE MYTHS ABOUT REVERSE MORTGAGES

Myth: Everyone says this is a “loan of last resort.”

FACT: While a reverse mortgage can be a key resource during emergencies and times of need, borrowers are increasingly using their home equity as a means to unlock more possibilities in their later years, such as using the proceeds to travel the world, buy their dream home, or fund a living inheritance. It's your home equity, what you do with it is completely up to you.

Myth: I saw on social media that I could get kicked out of my house.

FACT: With a reverse mortgage, you own your home, not the bank, and can't be kicked out so long as you uphold the terms of the loan. The lender simply puts a lien on the property to ensure the loan will be repaid, just as with a traditional forward mortgage.

Myth: My neighbor told me I won't be able to sell my home.

FACT: A reverse mortgage creates zero obstacles to selling your home. Like a traditional forward mortgage, it will need to be paid off at closing, but there are no prepayment penalties, and you could get less cash at the sale.

Myth: I read online that there are a lot of fees.

FACT: With the exception of mandatory reverse mortgage counseling costs and FHA insurance (on HECM loans only), **the fees for the reverse are generally the same as those for a traditional forward mortgage.** It's also important to

remember that with a reverse, most fees are added onto the loan balance, which means you pay little out-of-pocket up front.

Myth: My kids say they'll get stuck with a huge bill after I'm gone.

FACT: A reverse mortgage is a “non-recourse” loan, which means that if you default on the loan, or if the loan cannot otherwise be repaid, the lender can only enforce the debt through the sale of the property and cannot look to your other assets (or your estate's assets) to meet any outstanding balance. **If the loan balance is higher than what the home is worth, your heirs will not be responsible for paying the difference when the home is sold to repay the balance.**

Myth: I heard that I can't leave my house to my kids.

FACT: Several factors, including your home value increasing over your lifetime, can make it possible to pay off a reverse mortgage and still leave your home/equity to your heirs. You can also choose to take less equity out of your home in the beginning, pay down the balance as you go, or simply use a reverse mortgage to establish a line of credit to be used only if you truly need it, which would help you to retain more equity in the home.

The bigger question is: do your heirs want the home? For many children, seeing their parents happy and thriving in retirement far outweighs any potential inheritance they may receive. A reverse mortgage can help with this, so it's worth it to **have a conversation with your heirs about what is most important to them.**



IMPORTANT TO KNOW

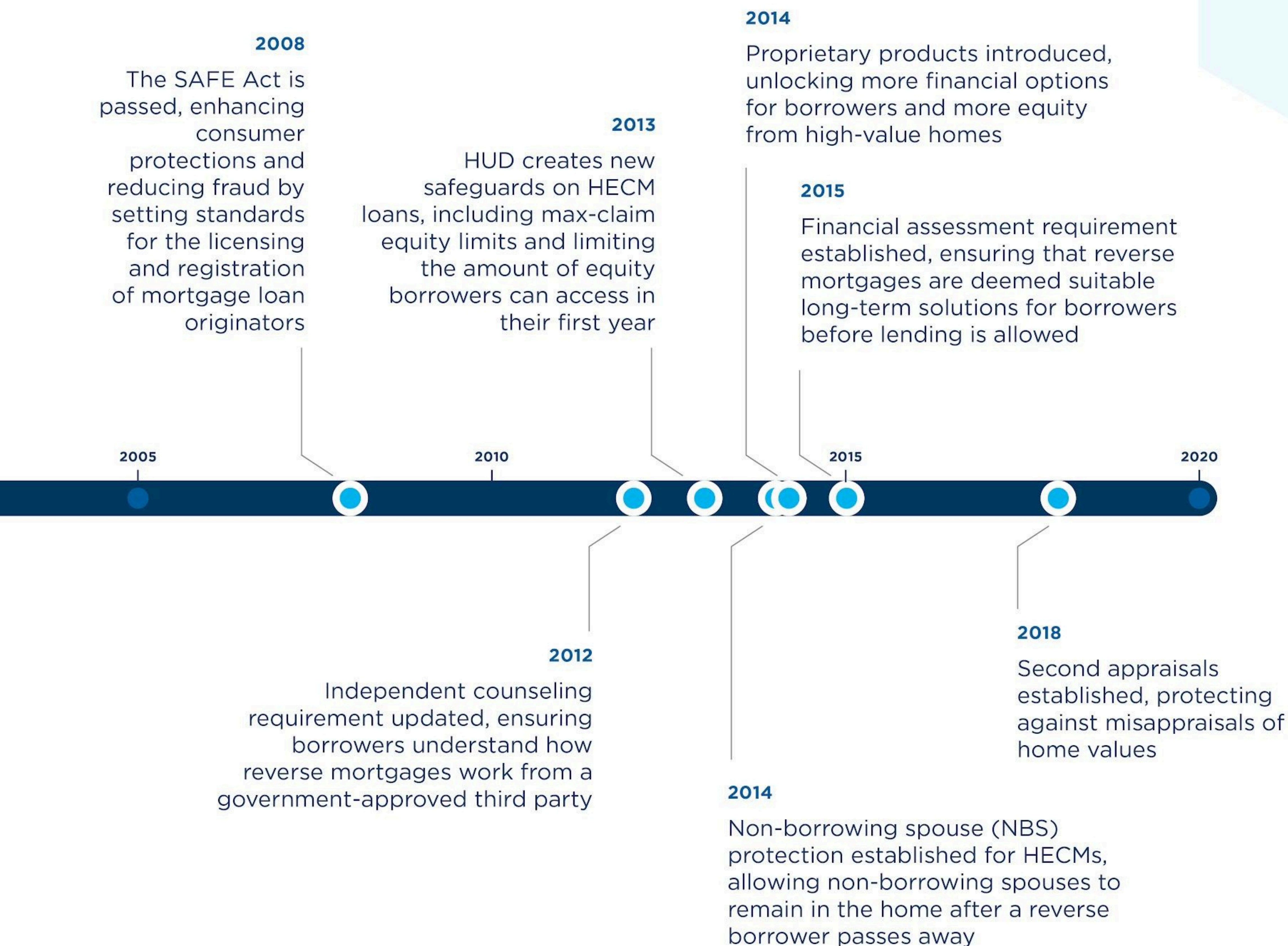
As you read through this guide, keep in mind the following reverse mortgage requirements:

- Must meet all loan obligations, including using the property as your primary residence
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- Must maintain the home

“But it’s not safe” – the biggest myth of them all.

The largest misconception about reverse mortgages is that they’re dangerous to consumers. The truth is that many reverse mortgages are regulated by the Department of Housing and Urban Development (HUD), and the U.S. Government has been proactively adding industry safeguards and developments to make today’s loans safer than ever:

Reverse Mortgage Improvements



DON'T JUST TAKE OUR WORD FOR IT

The [National Reverse Mortgage Lender's Association \(NRMLA\)](#) has additional resources and guides for consumers interested in learning more about rules, guidelines, and safety around reverse mortgages.



NOTES

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Excited by the possibilities you can unlock with home equity?

Speak with a reverse mortgage specialist about
your financial goals and help determine which
solution is right for you.

AMERICAN 
PORTFOLIO MORTGAGE

TOWN**SQUARE**
MORTGAGE 

NMLS# 175656



This is not a commitment to lend. Prices, guidelines and minimum requirements are subject to change without notice. Some products may not be available in all states. Subject to review of credit and/or collateral; not all applicants will qualify for financing. It is important to make an informed decision when selecting and using a loan product; make sure to compare loan types when making a financing decision.

When the loan is due and payable, some or all of the equity in the property that is the subject of the reverse mortgage no longer belongs to borrowers, who may need to sell the home or otherwise repay the loan with interest from other proceeds. The lender may charge an origination fee, mortgage insurance premium, closing costs and servicing fees (added to the balance of the loan). The balance of the loan grows over time and the lender charges interest on the balance. Borrowers are responsible for paying property taxes, homeowner's insurance, maintenance, and related taxes (which may be substantial). We do not establish an escrow account for disbursements of these payments. A set-aside account can be set up to pay taxes and insurance and may be required in some cases. Borrowers must occupy home as their primary residence and pay for ongoing maintenance; otherwise the loan becomes due and payable. The loan also becomes due and payable (and the property may be subject to a tax lien, other encumbrance, or foreclosure) when the last borrower, or eligible non-borrowing surviving spouse, dies, sells the home, permanently moves out, defaults on taxes, insurance payments, or maintenance, or does not otherwise comply with the loan terms. Interest is not tax-deductible until the loan is partially or fully repaid.

The borrower must meet all loan obligations, including living in the property as the principal residence and paying property charges, including property taxes, fees, and hazard insurance. The borrower must maintain the home. If the borrower does not meet these loan obligations, then the loan will need to be repaid. Otherwise, the loan must be repaid when the last borrower passes away or sells the home.

Loans up to \$4 million available for certain HomeSafe products. The HomeSafe reverse mortgage is a proprietary product of Finance of America Reverse LLC and is not affiliated with the Home Equity Conversion Mortgage (HECM) program. Not all HomeSafe products are available in every state. Please contact us for a complete list of availability.

Reverse mortgages are loans that allow homeowners to convert home equity into cash. The loan balance increases over time and reduces home equity. The loan becomes due when the borrower sells the home, moves out permanently, or fails to meet loan obligations. Borrowers must continue to pay property taxes, homeowner's insurance, and maintain the home as their primary residence. A HUD-approved counseling session is required. This is not a government benefit or grant. Reverse mortgages are insured by the Federal Housing Administration. These materials are not from or approved by HUD or a government agency. Consult a financial or tax advisor regarding your specific situation.

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American Portfolio Mortgage Corporation (APMC) DBA Town Square Mortgage (TSM).

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Visit: <https://goapmc.com> | <https://www.tsmlending.com> | <https://nmlsconsumeraccess.org>

Rates, terms, and programs subject to change. All loans are subject to borrower qualifications.

This is not a commitment to lend. Equal Housing Lender.

