

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-free¹ cash
- Unlike traditional equity loans, no repayment is required until the home is no longer the principal residence

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 required²

How much cash can someone receive?

- 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 always 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.
- The heirs can keep the home once the reverse mortgage is repaid

What type of interest rate options are there?

- The reverse mortgage is an adjustable-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-free¹ 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 totals only 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?

- A reverse mortgage is due and payable when the property is no longer considered the customer's principal residence
- The loan must be repaid in one payment – either from the sale of the home or through other resources

Call me today for a complimentary consultation.

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1. Consult a tax advisor regarding deductibility. 2. Reverse Mortgage borrowers are required to obtain an eligibility certificate by receiving free counseling sessions with a HUD-approved agency. Family members are also strongly encouraged to participate in these informative sessions.

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