



Understanding Reverse Mortgage Loans

The key to a more secure retirement
might already be in your pocket


Longbridge
Financial, LLC
The power of home.™

(855) 523-4326
longbridge-financial.com



From paying off a mortgage, to
creating consistent monthly income,
to smarter tax planning

**a reverse mortgage can unlock
the equity in your home for a
more secure retirement.**

“Using a reverse mortgage to tap home equity is one of the most powerful options available to retirees today.”

Alicia Munnell

Director, Center for Retirement Research of Boston College

From holidays with family and friends, to kids' birthday parties, to all the everyday joys and challenges of our lives...our homes are where our special moments take place.

And a house is much more than a sentimental matter: for most Americans, their home is their largest financial asset, typically representing more than half of their total wealth*. As more Americans than ever face the challenges of building a secure retirement, there's never been a greater need to find ways to unlock the power of that wealth.

That's why, at Longbridge Financial, we believe it's time to take a closer look at reverse mortgages. As a uniquely powerful tool to leverage the accumulated value you've worked so hard for, a reverse mortgage can increase your financial flexibility and—most important—protect the ownership of your home.




At Longbridge, we're committed to changing the reputation of the reverse mortgage by educating homeowners about the many uses of this powerful tool. Through unparalleled service, expertise and transparency, it's our mission to make the benefits of the reverse mortgage available to a new generation of retirees.

Let Longbridge Financial help you to unlock the power of home.

*<https://www.reversemortgage.org/about/what-is-home-equity>

What exactly is a “reverse mortgage”?

Insured by the Federal Housing Administration (FHA), the Home Equity Conversion Mortgage (HECM)—also known as a “reverse mortgage”—allows homeowners age 62 or older to access a portion of their home’s equity in the form of a loan. The funds accessed are income tax-free,* DO NOT require monthly mortgage payments—and allow the borrower to retain ownership and title to their home—so long as they:

-  **Live in the home as their primary residence**
-  **Continue to pay required property taxes and homeowners insurance.**
-  **Maintain the home according to Federal Housing Administration requirements**

* Consult a financial advisor and appropriate government agencies for any effect on taxes or government benefits.

What are the benefits and uses of a reverse mortgage?

From eliminating your monthly mortgage payment to paying for unexpected expenses, a reverse mortgage can help provide financial flexibility and relieve many of the financial pressures you face in retirement.

A HECM can allow you to:

- ✓ Pay off an existing mortgage, monthly bills or healthcare expenses to increase cash flow.
- ✓ Make needed home repairs or modifications to live more comfortably.
- ✓ Replace taxable withdrawals from 401(k) or other retirement plans with income tax-free reverse mortgage proceeds.
- ✓ Establish a line of credit for emergencies or occasional expenses.
- ✓ Help a child or grandchild with major expenses, like a down payment on a home or college tuition.



How do you qualify?

To be eligible for a reverse mortgage you must:

1

Be 62 years or older (a non-borrowing spouse may be under the age of 62)

2

Own and live in your home as your **primary residence**

3

Undergo a **financial assessment** to ensure a reverse mortgage can serve you a sustainable, long-term retirement solution

4

Receive counseling by an independent, HUD-approved third-party to confirm you understand your obligations and responsibilities with a reverse mortgage

5

Maintain the property and continue paying property taxes, homeowners insurance, homeowner association dues and any other applicable fees



How much money could you qualify for?

The size of your loan amount is based on these primary factors.

Your Age

The age of the youngest borrower or non-borrowing spouse - the older you are, the more funds that may be available.



Your Home's Value:

Subject to an appraisal, a rise in your home's value could increase your home equity and make more funds available.

Current interest Rate:

Fixed and adjustable rate options are available - the lower the interest rate, the more funds may be available.



Misconceptions of Reverse Mortgages:

MYTH vs FACT

MYTH #1:

The bank or lender takes ownership of my home.

FACT: *With a reverse mortgage, you or your estate continue to retain ownership of your home's title. The lender's interest is limited to the outstanding loan balance as a lien on the property.*

MYTH #2:

A reverse mortgage requires me to make monthly mortgage payments.

FACT: *There are no monthly payments required on a reverse mortgage – you have the freedom and flexibility to pay as little or as much as you want, as often as you'd like. However, as a borrower, you are responsible for real estate taxes, homeowners insurance, and property maintenance.*

MYTH #3:

My heirs will be responsible for repaying the loan.

FACT: *Since reverse mortgages are non-recourse loans, the lender can only derive repayment of the loan from the proceeds from the sale of the property. Even if the value of the home is dramatically reduced, you or your heirs will not owe more than the value of the home. And when the loan becomes due, your heirs have several options on what they can choose to do with the home. They can repay the loan and keep the home for themselves, sell the home and keep any remaining funds, or do nothing with the home and deed it to the lender.*

MYTH #4:

To qualify for a reverse mortgage, my home must be debt-free and paid off “free and clear.”

FACT: *You can have a mortgage or other debt on your home's title as long as you have adequate equity in the property. If there's a mortgage on your home, the money from the reverse mortgage is first used to pay off that loan – and since no monthly mortgage payments are required on the reverse mortgage, you can eliminate that monthly expense and free up more cash to use as you see fit.*

MYTH #5:

Reverse mortgage lenders just want to sell my house.

FACT: *You can stay in your house for as long as you want, as long as you meet the terms of the loan. Should you decide to sell your home or relocate, the loan would then become due and payable.*

MYTH #6:

If I get a reverse mortgage, I will be left with nothing to leave to my heirs.

FACT: *Since you'd be borrowing money against the value of your home, and accruing loan interest and mortgage insurance payments, the loan amount would increase over time. That said, the home may appreciate in value – so it's possible that there may be money left over from the sale of the house that would go to your heirs, once the loan is paid.*

MYTH #7:

I cannot sell my home if I get a reverse mortgage.

FACT: *A reverse mortgage is like an other loan. If you sell your home, the reverse mortgage will be paid off at closing. There are no prepayment penalties for paying off or selling the home in advance.*

MYTH #8:

A reverse mortgage should be used as a last resort.

FACT: *A reverse mortgage is a powerful financial tool that can be an important part of your overall financial plan. From paying off an existing mortgage to delaying Social Security, or even creating an emergency line of credit, it's a flexible product designed to give you options. In fact, with recent changes and the security of the U.S. Department of Housing and Urban Development's FHA insurance, many financial planners have begun to discuss reverse mortgages with clients who need additional sources of retirement income.*

MYTH #9:

Reverse mortgages are expensive.

FACT: *Reverse mortgage loan origination costs and interest rates are comparable to those of traditional mortgages. There are FHA insurance costs that some traditional mortgages do not require, but the insurance benefits are well worth the relatively small cost. Plus, lender closing costs and fees can typically be financed into the loan, so there is little required from you out of pocket.*

MYTH #10:

If my lender or servicer changes, my loan terms are subject to change.

FACT: *The terms of your loan are defined at closing and by law, cannot be changed, as long as the deed remains in force.*

The reverse mortgage process, made simple

At Longbridge Financial, we have simplified the process of obtaining a reverse mortgage into a few key steps. After helping you determine if this is the right product for you, we will assist you with:

1

Completing the application

2

Receiving the required independent counseling

3

Having an appraisal completed on your home

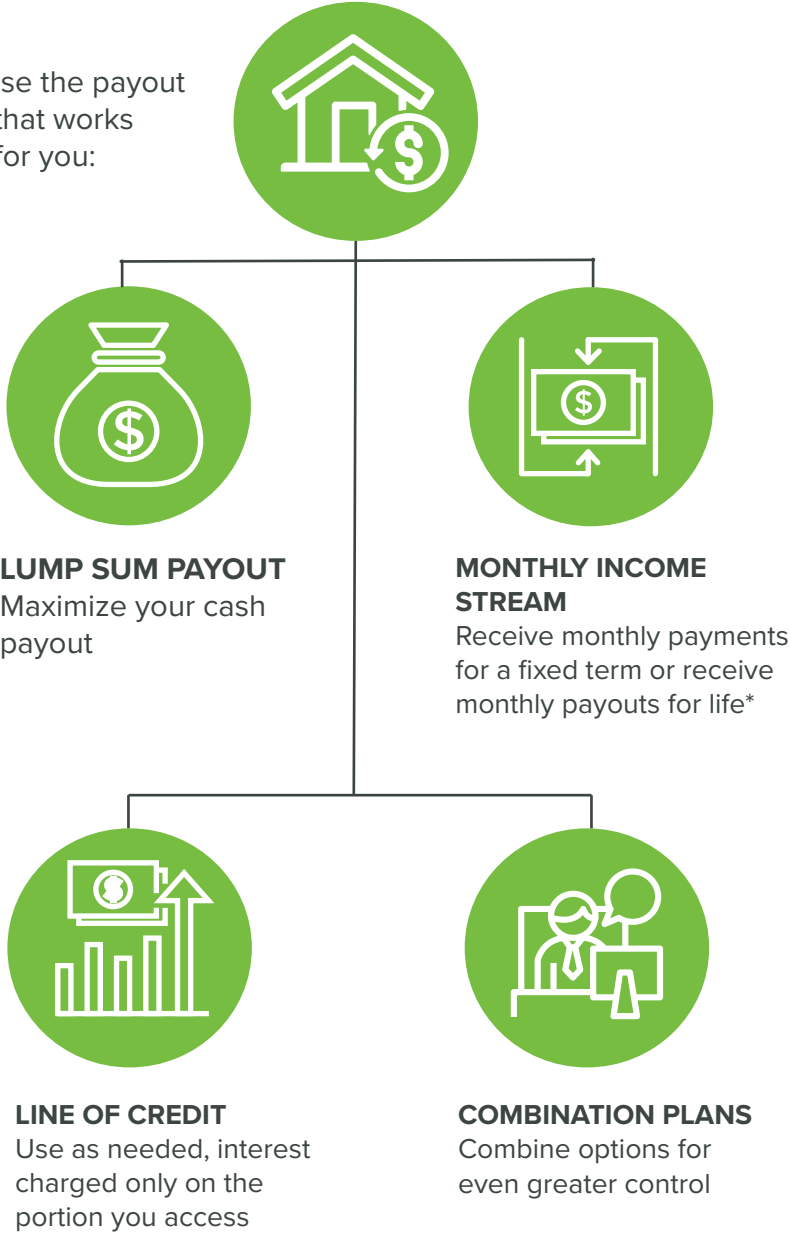
4

Closing your loan and receiving your funds

And when you choose to work with Longbridge, one of our experienced reverse mortgage consultants is always available to explain any aspect of the process and answer any questions you may have—at any time.

How can you access your funds?

Choose the payout plan that works best for you:



*As long as the borrower does not default on the loan. Borrower must maintain home as a principal residence, pay all taxes, insurance, maintenance, and comply with all other loan terms.

Reverse Mortgages vs Other Mortgages

HOME EQUITY
CONVERSION
MORTGAGE

MORTGAGE/
HOME EQUITY
LINE OF
CREDIT

SIMILARITIES

Who has title and “owns” the property?	Borrower	Borrower
Is the mortgage secured by the property?	Yes	Yes
Who is responsible for taxes, insurance and home maintenance?	Borrower	Borrower

DIFFERENCES

Future credit line availability*	Guaranteed, increases over time	May be cut or suspended by lender
Required monthly mortgage payments	No	Yes
Loan balance	Increases	Decreases
Foreclosure risk due to nonpayment*	Limited to tax and insurance defaults	Defaults on monthly payments as well as tax and insurance
Heirs can be required to repay more than the home is worth	No	Yes

* CFPB Report to Congress on Reverse Mortgages, June 2012. Note: Credit line is available only on adjustable rate HECM products.





Why Longbridge Financial?

At Longbridge Financial, our goal is to give you peace of mind about your finances. We can help you use your hard-earned home equity to address the financial challenges that impact so many Americans who are in, or preparing for, retirement.

Leadership: Christopher Mayer, PhD, is CEO of Longbridge Financial and has spent more than 20 years studying housing and mortgages, has testified before Congress and is frequently consulted by the media for his financial expertise. Chris is committed to bringing the strategic value of reverse mortgages to today's retirees.

Integrity: We're committed to ensuring that we only recommend the reverse mortgage program after we make certain the program is right for you and meets your needs. We'll ask you questions about your goals, your home and your finances as we discuss your options. You can rest assured that if we ever feel like this is NOT the best option for you, WE WILL TELL YOU SO. Not all lenders will make that pledge.

People: Our Loan Officers are the best in the business. Your questions will always be answered by an expert who can help you with your reverse mortgage loan. You'll receive trusted personal, professional support through each step of the process.

Service: At Longbridge Financial, we're committed to delivering the highest level of customer service to make your experience the best it can be. In fact, our customers consistently award us "Excellent" ratings on Trustpilot, an independent review site.

And this excellent level of service doesn't stop once your loan closes. In addition to being a reverse mortgage lender, we're also a full loan servicer—so you can expect a consistent relationship with Longbridge for the life of your loan.



Financial, LLC

The power of home.™

One International Blvd, Suite 900
Mahwah, NJ 07495

longbridge-financial.com

*Let Longbridge Financial help you
unlock the power of home.*

Call us today at (855) 523-4326

©2023 Longbridge Financial, LLC NMLS# 957935 (www.nmlsconsumeraccess.org). Longbridge Financial, LLC is headquartered at 1 International Blvd., Suite 900, Mahwah, New Jersey 07495. Longbridge conducts business in the following states: AK (Alaska Mortgage Broker/Lender License No. AK 957935), AL, AR, AZ (BL 0930082), CA (CA Loans made or arranged pursuant to a California Finance Lenders Law license 60DBO87825) and (Licensed by the Department of Financial Protection and Innovation under the California Residential Mortgage Lending Act 4131245), CO (Regulated by the Division of Real Estate; to check on the license status of your mortgage loan originator, visit <https://apps.colorado.gov/dre/licensing/>), CT, DC (District of Columbia Mortgage Dual Authority License No. MLB057935), DE, FL, GA (Georgia Mortgage Lender License/Registration No. 44082), Hawaii Mortgage Loan Originator Company License: HI-957935, HI (Hawaii Mortgage Service License #MS241), ID, IL (Illinois Residential Mortgage Licensee; Illinois Commissioner of Banks can be reached at 100 West Randolph, 9th Floor, Chicago, Illinois 60601, 312-814-4500), IN, IA, KS (Kansas Licensed Mortgage Company MC3030747), KY, LA, MA (Massachusetts Lender License ML957935), MA (Debt Collector License DC957935), MD, ME (957935), MI, MN, MO (435 Nichols Road, Suite 200, Kansas City, Missouri 64112), MS (Licensed by the Mississippi Department of Banking and Consumer Finance), MT, NC (4601 Park Road, Suite 500, Charlotte, NC 28209 28217 L-162652), ND, NE, NH (Licensed by the New Hampshire Banking Department), NJ (Licensed by the NJ Department of Banking and Insurance), NJ RMLA-Licensed Mortgage Servicer Registration (Licensed by the NJ Department of Banking and Insurance), NM, NV, NY (Licensed Mortgage Banker-NYS Department of Financial Services LMB 109648), ND, OH (RM.850245.009), OK, OR (ML-5148, MS-191), PA (Licensed by the Pennsylvania Department of Banking 40207 & 67479), RI (Rhode Island Lender), SC, SD, TN, TX (Mortgage Banker Registration, 945 Bunker Hill Road, Suite #500, Houston, TX 77024), UT, VA (Licensed by the Virginia State Corporation Commission MC 5817), VT (Vermont Lender License No. 6710), WA (Consumer Loan Company License No. CL-957935), WV, WI, WY (Mortgage Lender/Broker License No. 2947). Longbridge Financial, LLC is an equal opportunity lender. These materials are not from HUD or FHA, and were not approved by HUD or any government agency.



4.8
out of 5

