



Usefull Tips

Reverse Mortgage Loan Options

A Reverse Mortgage consists of two parts.

Part 'A' pays off your existing mortgages or property liens and provides you with a new FHA Guaranteed loan. The fees and costs associated with underwriting and making the loan are also included in this new mortgage loan. Part 'B' of the program, providing you have sufficient home equity to qualify, will provide you with a choice of three (3) Options:

1. Lump-sum Payment Option

Calculated using rigid HUD- provided guidelines, this payment is provided after closing and is for your discretionary use, i.e. paying bills, savings, investments, home repairs, income supplement, etc. The amount distributed is added to and becomes a part of your new mortgage loan total. Interest rate for this Option is a Fixed Interest Rate at a guaranteed level for the life of your mortgage loan. Your Royal Mortgage Reverse Mortgage Adviser can provide you with the current rate being authorized by FHA.

2. Line of Credit Option

Similar to a home equity line of credit, you are provided with a check book and a borrowing limit. If deferred, the amount available to you will increase annually by a set percentage. Structured as a part of your mortgage, the interest rate for your entire loan will be subject to a variable rate. Your Royal Reverse Mortgage Adviser can provide you with both the current rates, margins and maximum rates that can be charged.

CAUTION: Variable rates are subject to substantial increases, we strongly advise you to seek competent financial counsel to explain the risks associated with this type of loan and determine suitability for your needs.

3. Tenured Monthly income Option.

A monthly distribution of a fixed payment that will continue to pay for as long as at least one of you survives and elects to live in your home. There is no limit as to the cumulative amount or duration of payment payable under this Option. All benefit payments are guaranteed by FHA. This Option and the underlying mortgage are also subject to a variable rate of interest.

CAUTION: Borrowers to seek competent financial counsel when considering any loan or mortgage alternative that involves variable rates of interest.

Selling Your Home

Title to your home remains with you. The Reverse Mortgage process simply replaces your existing mortgage with a new FHA guaranteed mortgage. You still own your home and retain all of the ownership rights associated with ownership. At any time, you can elect to sell your home, pay off your FHA mortgage, bequeath your home to your children or heirs or simply live out the remaining years of your life without having to make another mortgage payment. Before you make any changes, we strongly urge you to read and become familiar with all of the Terms, Restrictions and Conditions set forth in your mortgage loan agreement.

Streamlining Your Loan

If the value of your home increases, you may at some future date elect to modify your loan or sell your current home. You may elect to secure a Reverse Mortgage on your new home, or add an additional qualified Borrower to your home's title. Reverse mortgage transfers or a home sale can provide you with unique transfer credits and, under some circumstances, a partial refund of FHA Insurance premiums. Options that are available to you for your specific situation and needs can be explained to you by your Royal United Reverse Mortgage Adviser