

# 10 Myths

## About Reverse Mortgages

Do you remember the campfire game when you were a child? Seated around the campfire in a circle, the team leader proceeded to turn to the left or right and whisper something into the ear of this next person, whose job was to repeat and whisper the message into the ear of the person next to him or her, and so on.....

Do you remember when the last player repeated the message – it was completely different than the original message!!

---

The first reverse mortgage loan was closed in 1989. Since that time there has been a lot of “campfire” activity with regard to myths and erroneous information that has circulated with this product. Here are some of the more common ones:

**Myth #1: The lender or government will own your home.**

**False** – With a reverse mortgage loan, you, your family and/or your estate continue to retain ownership of your home. The lender does not take control of the title. The lender’s interest is limited to the outstanding loan balance as a lien on title.

**Myth #2: The reverse mortgage requires that I make monthly payments.**

**False** - There are no monthly payments required to your lender, however, the borrower is responsible for payment of all property taxes, insurance, and general upkeep of the home.

**Myth #3: My children will be held responsible for the repayment.**

**False** - The reverse mortgage is a **non-recourse loan**. This means that the lender can only derive repayment of the loan from the proceeds of the sale of the property. Even if the value of the home is reduced due to economic, market or property perils, you **or your estate can never owe more than the value of the home**. Although your heirs will not be responsible for repayment, they are able to work with the loan servicer to repay the loan and as an option buy the home for themselves.

**Myth #4: You need a certain level of income, credit, or health to qualify.**

**False** – While a reverse mortgage currently has no income/debt ratios, credit score, or health rules, you will be asked income information for government monitoring and reporting purposes. Also, the Lender will run a credit report prior to loan approval to determine the presence of any past due federal debt, which must be brought current at the time of loan closing.

**If you have questions about a reverse mortgage loan, we think it is important you should get true and accurate information to help make your decision if a reverse mortgage is right for you.**

*Your company logo here*

**Call us today and speak with one of our professional experienced Loan Originators who will help you get the information and answers you need!**

# 10 Myths

## About Reverse Mortgages

**Myth #5: To qualify, my home must be debt free and paid off "Free & Clear".**

**False** - You may have a mortgage or other debt liens on your home. The mortgage or debt liens however, must be paid off with the proceeds of the reverse mortgage or prior to closing with an acceptable source of funds. In fact, many borrowers obtain a reverse mortgage for this reason...**to be mortgage payment free!**

**Myth #6: Reverse mortgage lenders just want to sell your house.**

**False** - Reverse mortgage borrowers may occupy the property as their primary residence for as long as they wish. Should they decide to sell the home, or all borrowers no longer occupy the property as their primary residence, the loan would then become due and payable.

**Myth #7: If I take out a reverse mortgage, I will have nothing for my children.**

**False** - "Retained Equity" is a very important concept to grasp. Realize that your property will continue to appreciate (the whole value of the estate) and you pay interest only on the outstanding principal, interest and charges accrued through the payoff date. Consult your loan amortization tables for additional details.

**Myth #8: If I get a reverse mortgage, I cannot sell my home.**

**False** - If you decide to sell your home, the reverse mortgage is like any other loan that must be paid off at closing. There are no prepayment penalties for paying off or selling.

**Myth #9: If my lender changes, my loan terms can change.**

**False** - A reverse mortgage is secured by two Mortgages or Deeds of Trust depending on the appropriate security instrument filing in your state. One set is for the Lender, and one set is retained by the Secretary of HUD. Once executed, the terms are defined and cannot be changed by law as long as the mortgages or deeds remain in force.

**Myth #10: My Social Security, Medicare and/or Medicaid benefits will be affected.**

**False** - The money from a reverse mortgage is considered borrowed money and thus is not taxable income by the IRS. Consult with your tax advisor for your specific situation.



**Licensing and Company Contact Information here.**

