About the Home Equity Conversion Mortgage

What is a Home Equity Conversion Mortgage (HECM)?

A HECM is a mortgage that is insured by the federal government and regulated by Federal and Colorado laws. It gives you cash from your home, without ever having to make monthly loan payments.

Who can benefit from a HECM?

Anybody 62 or older who owns a qualifying house or condominium can apply for a HECM.

Who is the typical HECM customer?

Currently, several hundred thousand homeowners benefit from a HECM. They are from all walks of life. Your neighbor might be a HECM customer. What they all have in common is that they are 62 years or older and want to get some cash from their home. Many HECM customers use their proceeds to pay off their conventional mortgage.

What does government-insured mean for me?

You are protected until you turn 150 years old! Your HECM will continue even if the balance of your loan exceeds the value of your home. The line of credit will still be available and you will continue receiving monthly disbursements you may have set up. The lender will never ask you for money to cover possible losses or reduce disbursements to you.

Who owns the home?

With a HECM, you continue to own the home. However, you pledge the home as collateral.

How does a HECM compare to a conventional mortgage or HELOC?

Conventional mortgages and HELOCS all have a due date. You have to pay off the conventional mortgage through monthly payments or a balloon payment by a certain time.

With a HECM, there are no monthly loan payments required for you, ever. (The usual property expenses such as taxes, insurance, maintenance and others still are due). The loan becomes due when you and your eligible spouse no longer live in the property.

I do have a "conventional mortgage;" can I still get a HECM?

This is a typical situation. All other mortgages can and must be paid off with the HECM. Actually, most HECM customers use part or all of the HECM proceeds to do just that, thus eliminating monthly payments for their mortgage.

What restrictions apply to cash I receive?

It is your money; you can do whatever you want to do with it.

Remarkable LLC does not make any recommendation on how you use your money. However we urge you to be careful when making financial investments. A Certified Financial Planner may be a good source for advice.

What tax implications apply to the cash I receive?
There is no income tax on the cash you receive from a HECM, nor does it affect Social Security or pension payments. However we suggest you talk to a certified public accountant or certified financial planner to determine the effect on other benefits you may be receiving.

When does the HECM become due and payable?
When you and your spouse no longer live in the property or if both of you have passed away, the HECM becomes due. In that case, you or your heirs have two options:

1. Pay off the HECM, including the accrued interest. You or your heirs retain ownership of the house. Lines of credit or tenure reserves that have not been drawn do not have to be paid off!
2. Give up ownership of the house and receive the difference between the net sale proceeds of the house and the loan balance, minus the cost for selling the house. Neither you nor your heir will be liable for any shortfall, in the event the net sales price is less than the balance of the loan.

The HECM may also become due for failing to adhere to the loan agreement.

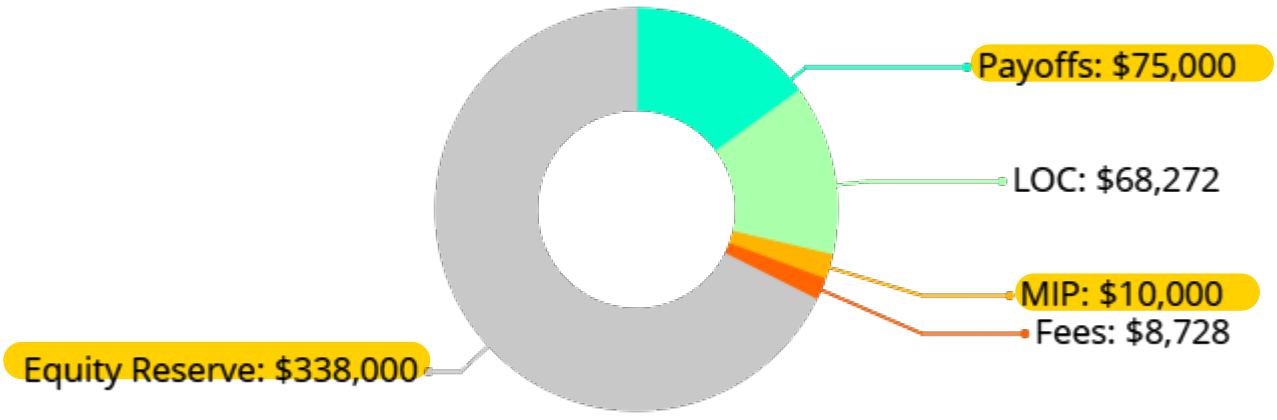
What are my obligations with a HECM?
You remain owner of the house. Therefore, you have all obligations of home ownership. You are responsible for taxes, insurances, and other fees that might apply. Also you must maintain the house. Once you don't live in the property anymore, the HECM becomes due.

Your Government Insured Home Equity Conversion Mortgage

Based on the information you have provided, you will use your HECM to pay off conventional mortgages and liens in the amount of $75,000
After that, you can receive $68,272 in proceeds (limited to $16,200.00 during the first year).

Illustration of your HECM

The doughnut chart illustrates your HECM at the time of closing:



Value of your home: $500,000

The total doughnut represents the value of your home, against which you borrow.

Payoff: $75,000

Your current mortgages and liens will be paid off with the HECM, relieving you from monthly payments.

Line of Credit: $68,272 ($16,200 available during the first year)

The Line of Credit grows over time, independently of ups and downs of the value of your home.

Mortgage Insurance Premium (MIP): $10,000.00

This federally mandated mortgage insurance protects you and your heirs. It assures that you will have access to your funds even if the balance of the loan exceeds the value of the house. Also it protects you, so you are never liable for more than the value of your house.

Fees: $8,728

All fees are federally regulated and are listed in detail in the Good Faith Estimate. They include third party expenses, including legal fees, recording fees, and state and county taxes for registration. We pass them along to you without any surcharge. The origination fee of $6,000 is also part of these fees. The origination fee covers my company's expenses to originate, process and close this Home Equity Conversion Mortgage, including my compensation.

Unlike with conventional mortgages, most fees are paid for with the proceeds of the HECM. Some out-of-pocket expenses may still apply.

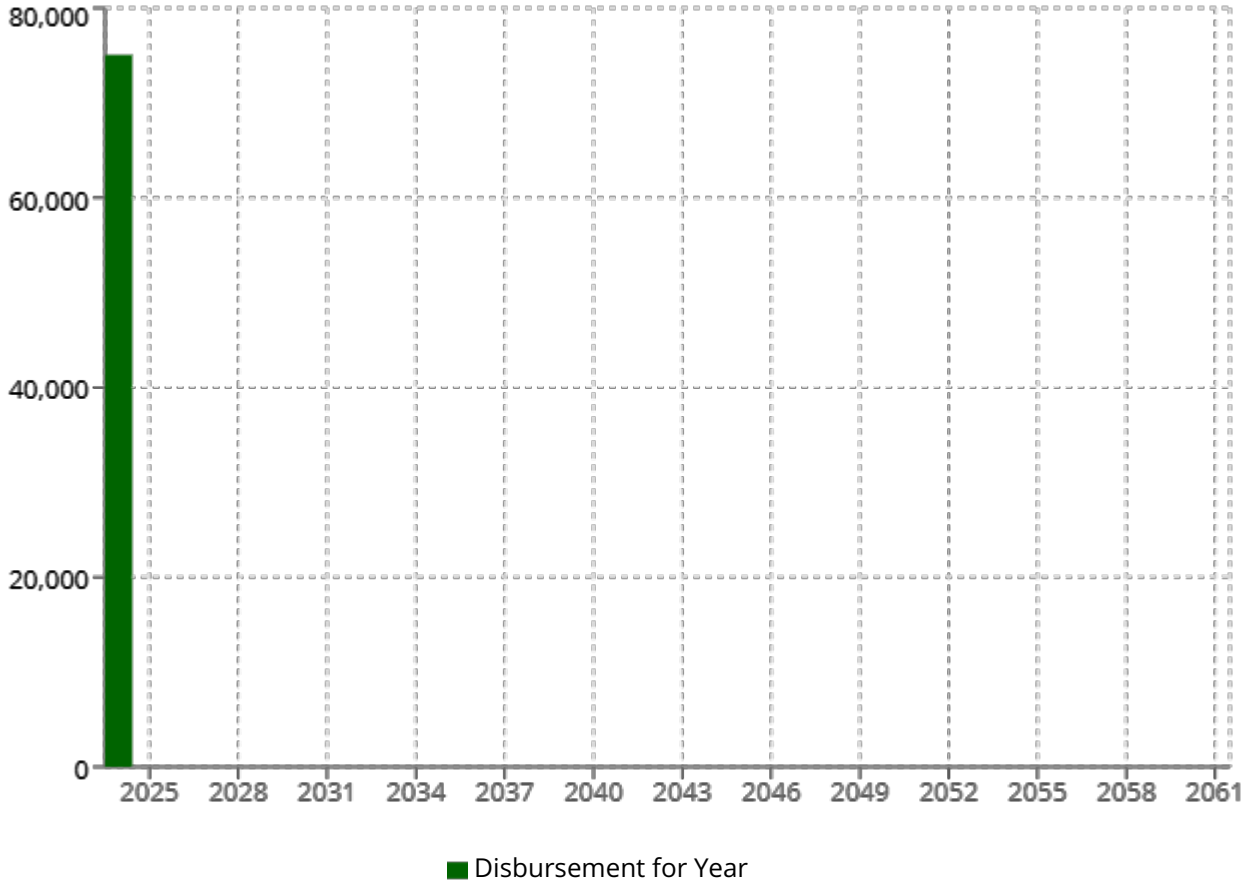
Equity Reserve: $338,000

This is the part of the equity in your home that cannot be tapped into by the HECM.

Your Home Equity Conversion Mortgage Over Time

The following graphs show how your Home Equity Conversion Mortgage may develop over time:

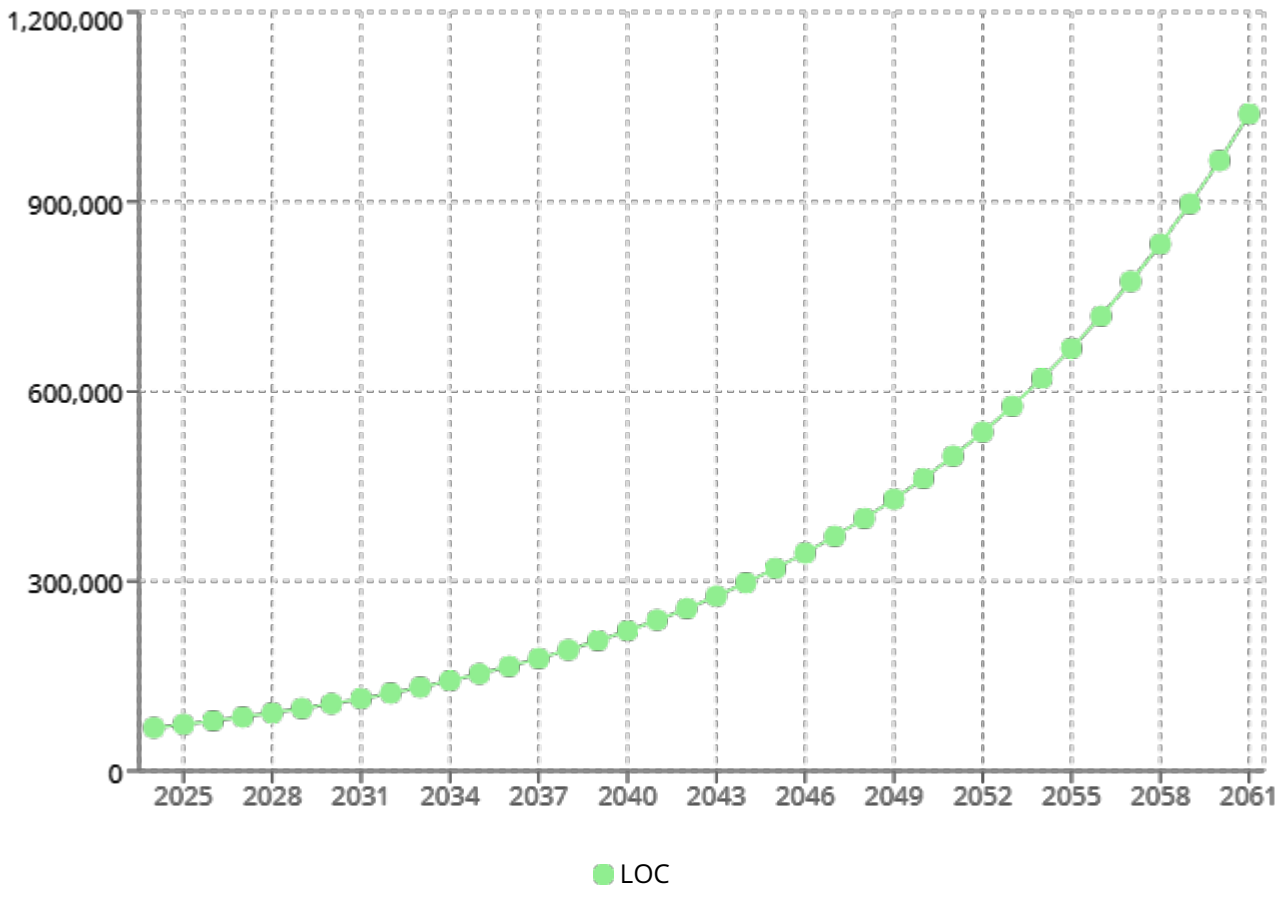
Disbursements to you or on your behalf



The above graph shows the annual disbursements to you or on your behalf.

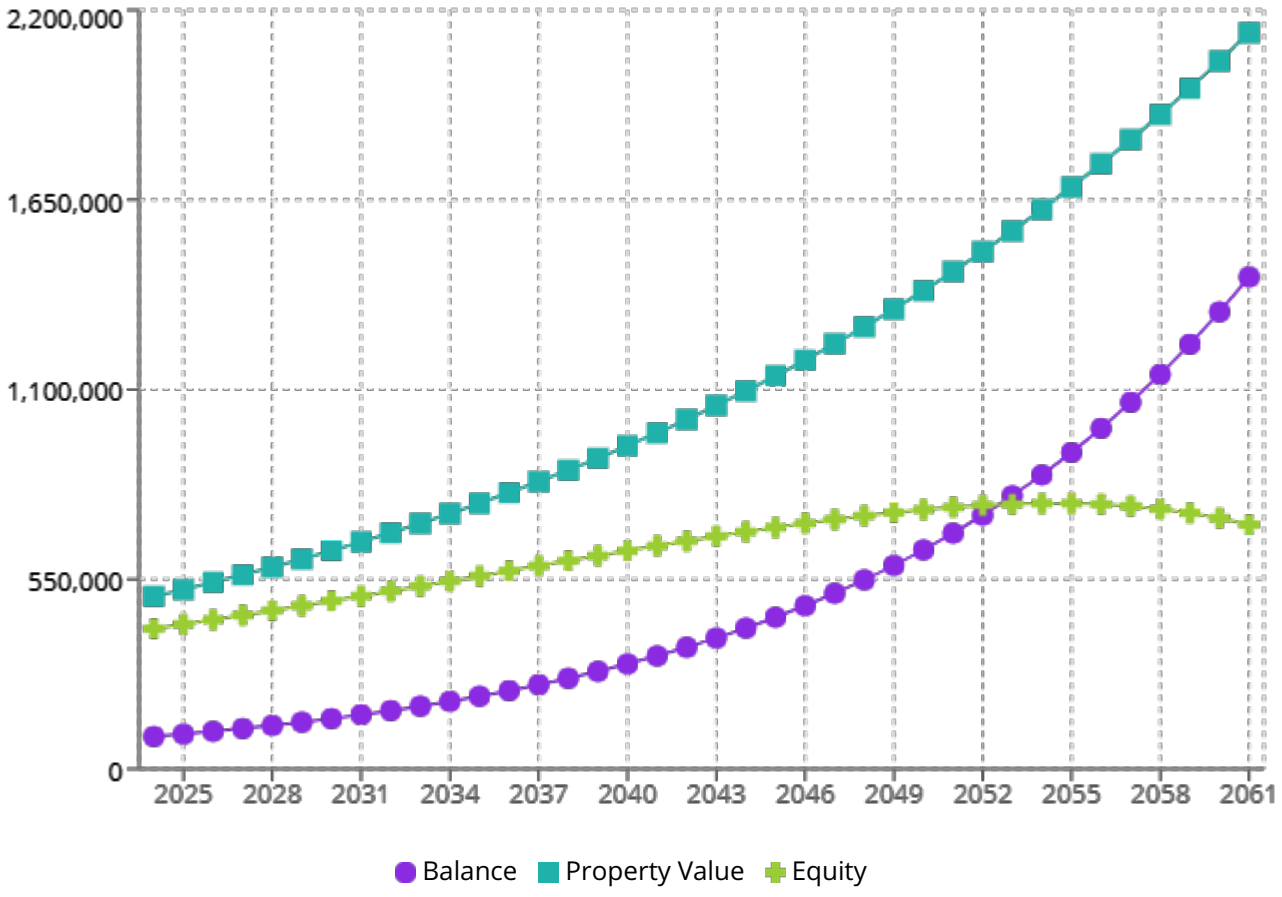
Disbursements to you or on your behalf during the first year include:
- Payoff of liens and conventional mortgages: $75,000

Line of Credit



Any amount you leave in the line of credit will grow at the same rate as the loan balance. This credit line growth represents a greater capacity to borrow, regardless the value of the home. This offers strategic advantages, such as: The Home Equity Conversion Mortgage offers a significantly higher rate.
The rate is adjustable, based on the 1-year Treasury. Initially the rate will be about 7.920%
The line of credit of the HECM is government guaranteed.
The growth of the Line of Credit is not subject to taxation.

Equity



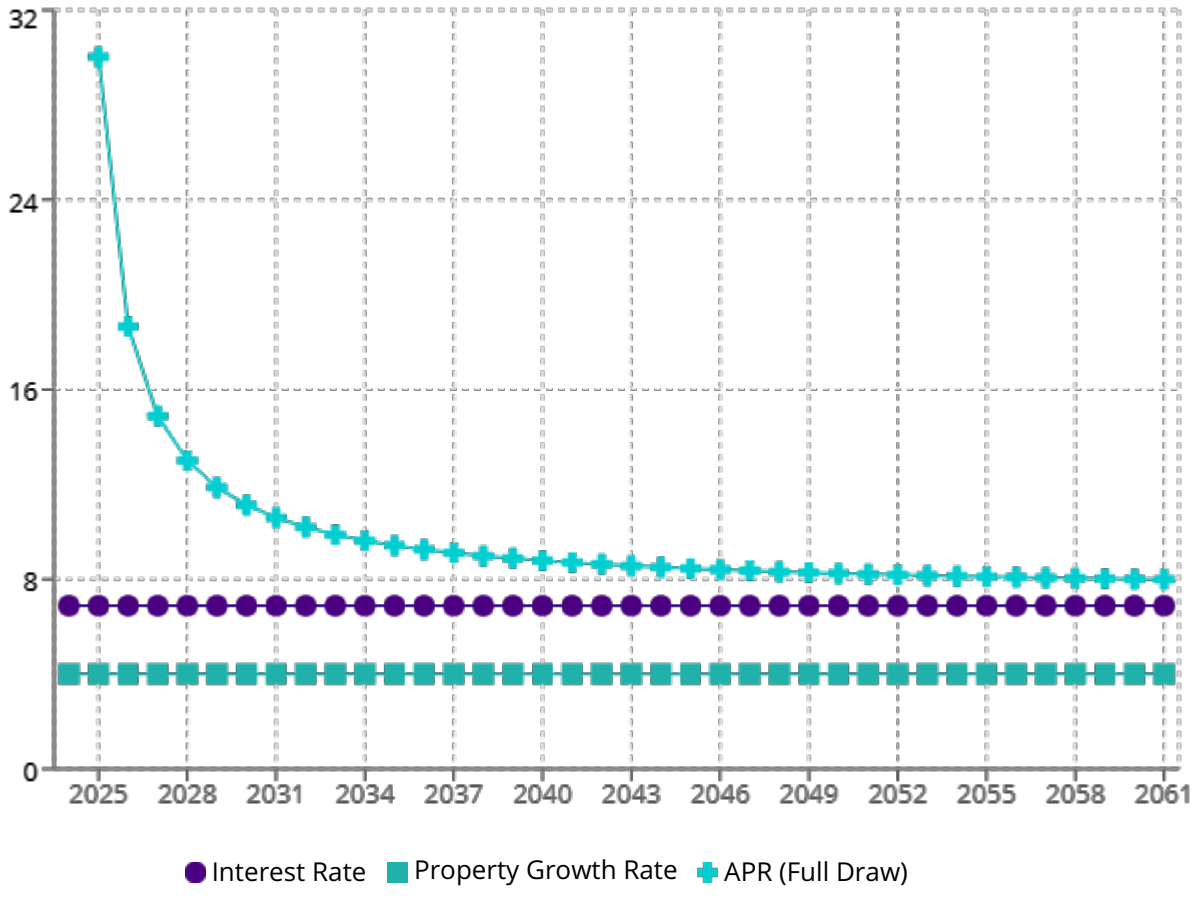
The Home Equity Conversion Mortgage (HECM) is a loan against your property. You remain owner of your home. At the same time the outstanding balance of your HECM increases with draws and accrued interest. The difference between the value of your home and the outstanding balance of the HECM is your equity.

The equity is the amount you would receive if you sold the home or your estate would get in case you passed away.

Over time the equity changes. It increases when the property value raises, and decreases with the balance of the loan increasing. Factors affecting the equity include draws and advances, interest rates, the real estate market and others.

With a Home Equity Conversion Mortgage your equity can never be negative. You will never owe more than the value of your home.

Annual Percentage Rate (APR)



The APR represents the true cost of a loan based on a cash flow calculation. It takes all fees and charges as well as the interest into account. The APR calculation in the above chart assumes that all funds from the loan are drawn at closing. The actual APR values depend on multiple factors including the timing of when funds are drawn.

While the actual APR values may vary, the general pattern of the graph is quite representative for almost all scenarios. The Home Equity Conversion Mortgage is relatively expensive on the short term, but very competitive in the long run.

The Interest Rate and the Property Growth Rate show the respective rates used for the calculation of all the graphs.

Basis for this Analysis

The calculations in this analysis are based on information you have provided to us, including the date of birth of Mark Schmidt (1/15/1962), your home value ($500,000) and location and the amount of your outstanding mortgage and liens($75,000).
The calculation is for a 1YR-CMT Monthly 5% cap.
The rate is adjustable based on an index: 1-year Treasury. The margin is 2.250%. The rate can never exceed 12.420%.
Final rates, disbursements and costs may change. If the underlying assumptions change, then the numbers in this analysis will change.

Next Steps

Independent Counseling

Unless you have already done so, you are required to participate in a specialized HECM counseling session. An independent and government certified counselor will address your questions. This is a good opportunity for you to discuss the Home Equity Conversion Mortgage with an independent third party. Please review the NCOA's booklet "Use Your Home to Stay at Home", it can be found online here: https://ncoa.org/article/use-your-home-to-stay-at-home.

No-Risk Loan Application

The loan application is an easy process. Most importantly, with the application you do not commit to take the loan. You can terminate the application process anytime up to the closing date. You have a 3 day rescission period after closing, in case you are not happy with your HECM. The maximum cost that you would bear if you back out are expenses for some third party services that have been performed on your behalf, such as appraisal, counseling and possibly others. We will not charge you anything in that case.

Financial Assessment

Before we can commit to closing your Home Equity Conversion Mortgage our underwriter will review your case based on government mandated rules. The two main questions that have to be checked are:
1. Does the property qualify for the HECM?
2. Do you and all co-borrowers qualify for the loan?

The latter involves a financial assessment to ensure that you have enough income and funds to cover expenses and to stay in your home on the long run. Remarkable LLC is committed not to discriminate on the basis of race, color, religion, national origin, sex, marital status.

I Am Here for You

I encourage you to discuss this document and any other documentation we have provided with your family, children, friends, certified adviser and whomever you want to discuss it with. I am also happy to join a discussion with you and trusted relatives or friends of yours. Please feel free to call, write or text me anytime.

Mark Allen Schmidt, NMLS Number: 846014, State License Number: 846014

Phone: (720) 206-4539 Email: mark@remarkablemortgage.com

List of Counselors Providing HECM Counseling

Borrower(s): Mark Schmidt
Property Address: Aurora, CO, Arapahoe 80015
Loan Number: 10229518
Prepared: 4/23/2024

The U. S. Department of Housing and Urban Development (HUD) requires that homeowner(s) interested in pursuing a Home Equity Conversion Mortgage (HECM) receive mandatory counseling regarding the implications of and alternatives to a reverse mortgage from a HUD-approved HECM counseling agency.

We are required by HUD regulations to provide you with a list of HECM counseling agencies. The list must include all HUD-approved counseling intermediaries that can provide telephonic counseling, as well as five (5) counseling agencies within your local area, state or both, with at least one of the local agencies located within a reasonable driving distance for the purpose of face-to-face counseling.

National Phone Counselors*

ClearPoint Financial Solutions	(800) 251-2227
Credit.org	(800) 947-3752
Greenpath	(888) 860-4167
Housing Options Provided for the Elderly (HOPE)	(844) 432-6467
Money Management International	(877) 908-2227
National Foundation for Credit Counseling	(866) 698-6322
Navicore Solutions	(866) 855-7736
CONSUMER CREDIT COUNSELING SERVICE OF MARYLAND AND DELAWARE, INC. (CCCSMD) - WEST COVINA	(800) 642-2227
Debthelper.com	(800) 920-2262
QuickCert	(888) 383-8885
Horizon Counseling Inc.	(888) 315-4326

*not all agencies may provide counseling services in the state of Colorado

Important

Please tell your counselor to access your documents at the new site: docport.org

You will also need to provide the counselor with the Access Code: 985VLW

See next page for the Local Counselors List.

Local Counselors in Your Area

Counseling Agency Name	Address	Phone	Agency ID
CITY OF AURORA COMMUNITY DEVELOPMENT DIVISION	Suite 4500 15151 E Alameda Pkwy Aurora, CO 80012-1555	(303) 739-7914	81141
GREENPATH FINANCIAL WELLNESS	Suite 1230 650 S Cherry St Denver, CO 80246-1801	(877) 477-7890	90095
DOUGLAS COUNTY HOUSING PARTNERSHIP	9350 Heritage Hills Circle Lone Tree, CO 80124-5518	(303) 784-7857	84681
BOULDER COUNTY HOUSING & HUMAN SERVICES, AKA BOULDER COUNTY PERSONAL FINANCE PROGRAM	3460 N. Broadway Boulder, CO 80304-1824	(720) 564-2279	90468
NEIGHBOR TO NEIGHBOR	1550 Blue Spruce Dr Fort Collins, CO 80524-2015	(970) 488-2374	80706

You can find other HUD approved HECM counseling agencies by using the following link: https://entp.hud.gov/idapp/html/hecm_agency_look.cfm

Important

Please tell your counselor to access your documents at the new site: docport.org

You will also need to provide the counselor with the Access Code: 985VLW

Mark Schmidt Date

Total Annual Loan Cost Rate (TALC)

Borrower Name/Case Number: Mark Schmidt /

Refinance: No

LOAN TERMS	
Age of Youngest Borrower:	62
Property Value:	$500,000.00
Initial Interest Rate:	7.420%
Monthly Advance	$0.00
Length of Term:	-
Initial Advance:	$0.00
Lien Payoffs with Reverse Mortgage:	$75,000.00
Initial Line Of Credit:	$68,271.59

MONTHLY LOAN CHARGES	
Servicing Fee:	
Mortgage Insurance:	0.500% annually of loan balance

OTHER CHARGES	
Shared Appreciation:	none

INITIAL LOAN CHARGES	
Mortgage Insurance Premium:	$10,000.00
Other Closing Costs:	$8,728.41
Costs Paid Outside of Closing:	$845.00

REPAYMENT LIMITS
Net proceeds estimated at 93% projected home sale

LIFE EXPECTANCY SET ASIDE	
LESA Amount:	
Semi-Annual Disbursement:	$0.00

Total Annual Loan Cost Rate

Appreciation Rate	Disclosure Period (Years)			
	2 Years	11 Years	21 Years	29 Years
0%	17.27%	9.56%	7.19%	5.15%
4%	17.27%	9.56%	8.78%	8.54%
8%	17.27%	9.56%	8.78%	8.54%

The cost of any reverse mortgage loan depends on how long you keep the loan and how much your house appreciates in value. Generally, the longer you keep a reverse mortgage, the lower the total annual loan cost rate will be. This table shows the estimated cost of your reverse mortgage loan, expressed as an annual rate. It illustrates the cost for four loan terms: 2 years, half of life expectancy for someone your age, that life expectancy, and 1.4 times that life expectancy.

The table also shows the cost of the loan, assuming the value of your home appreciates at three different rates: 0%, 4% and 8%. The total annual cost rates in this table are based on the total charges associated with this loan. These charges typically include principal, interest, closing costs, mortgage insurance premiums, annuity costs and servicing costs (but not disposition costs--costs when you sell the home).

The rates in this table are estimates. Your actual cost may differ if, for example, the amount of your loan advances varies or the interest rate on your mortgage changes. You may receive projections of loan balances from counselors or lenders that are based on an expected average mortgage rate that differs from the initial interest rate.

SIGNING AN APPLICATION OR RECEIVING THESE DISCLOSURES DOES NOT REQUIRE YOU TO COMPLETE THIS LOAN

Mark Schmidt Date

Loan Officer Mark Allen Schmidt, NMLS 846014/CO 846014
Loan Origination Company NMLS 1791529 / CO 1791529
10229518

Amortization Schedule

Borrower Name: Mark Schmidt

Loan# / Case#:	**10229518**	Expected Interest Rate:	**6.880%**	Refinance:	**no**
Age of Youngest Borrower:	**63**	Initial Property Value:	**$500,000.00**	Expected Appreciation:	**4.000%**
Beg. Mortgage Balance:	**$93,728.41**	Max. Claim Amount:	**$500,000.00**	Monthly Disbursement:	**$0.00**
Monthly Servicing Fee:		Initial Principal Limit:	**$162,000.00**	Initial Line of Credit:	**$68,271.59**
Life Expectancy Set Aside:	**$0.00**	Initial Advance:	**$0.00**	Product Type:	**1y cmt**
LESA Semi-annual Disbursement:	**$0.00**	Liens Payoff:	**$75,000.00**	Financed Closing Cost:	**$18,728.41**

Note: Actual interest and property value projections may vary from amounts shown. Available credit will be less than projected if funds are withdrawn from the line of credit, if applicable. Actual Life Expectancy Set Aside payments, if applicable, may increase or decrease from the amounts shown based on changes to the property charge costs. The Actual Life Expectancy Set Aside Balance may vary depending on the age of youngest borrower, the interest rate, and changes to the property charge costs. The projections are for illustrative purposes only.

		Annual Totals					End of Year Projection					
Year	Age	SVC Fee	Lesa Disbmt.	Monthly Disbmt.	MIP	Interest	Loan Balance	Lesa Balance	Line of Credit	Principal Limit	Property Value	Equity
0	63	0	0	0	0	0	93,728	0	68,272	162,000	500,000	406,272
1	64	0	0	0	485	6,671	100,884	0	73,484	174,368	520,000	419,116
2	65	0	0	0	522	7,181	108,587	0	79,094	187,681	540,800	432,213
3	66	0	0	0	562	7,729	116,877	0	85,133	202,010	562,432	445,555
4	67	0	0	0	605	8,319	125,800	0	91,633	217,433	584,929	459,129
5	68	0	0	0	651	8,954	135,405	0	98,629	234,034	608,326	472,921
6	69	0	0	0	700	9,638	145,743	0	106,159	251,902	632,660	486,917
7	70	0	0	0	754	10,373	156,870	0	114,264	271,134	657,966	501,096
8	71	0	0	0	811	11,165	168,847	0	122,988	291,835	684,285	515,438
9	72	0	0	0	873	12,018	181,738	0	132,378	314,116	711,656	529,918
10	73	0	0	0	940	12,935	195,614	0	142,485	338,098	740,122	544,508
11	74	0	0	0	1,012	13,923	210,548	0	153,363	363,911	769,727	559,179
12	75	0	0	0	1,089	14,986	226,623	0	165,072	391,695	800,516	573,893
13	76	0	0	0	1,172	16,130	243,926	0	177,675	421,601	832,537	588,611
14	77	0	0	0	1,262	17,362	262,549	0	191,240	453,789	865,838	603,289
15	78	0	0	0	1,358	18,687	282,594	0	205,841	488,435	900,472	617,878
16	79	0	0	0	1,462	20,114	304,170	0	221,556	525,726	936,491	632,321
17	80	0	0	0	1,573	21,649	327,392	0	238,472	565,864	973,950	646,558
18	81	0	0	0	1,693	23,302	352,388	0	256,679	609,067	1,012,908	660,520
19	82	0	0	0	1,823	25,081	379,292	0	276,276	655,568	1,053,425	674,133
20	83	0	0	0	1,962	26,996	408,251	0	297,369	705,620	1,095,562	687,311
21	84	0	0	0	2,112	29,057	439,420	0	320,073	759,492	1,139,384	699,964
22	85	0	0	0	2,273	31,276	472,969	0	344,509	817,478	1,184,959	711,990
23	86	0	0	0	2,446	33,664	509,079	0	370,812	879,891	1,232,358	723,279
24	87	0	0	0	2,633	36,234	547,946	0	399,123	947,069	1,281,652	733,706
25	88	0	0	0	2,834	39,000	589,781	0	429,595	1,019,376	1,332,918	743,137
26	89	0	0	0	3,051	41,978	634,810	0	462,394	1,097,204	1,386,235	751,425
27	90	0	0	0	3,284	45,183	683,276	0	497,697	1,180,973	1,441,684	758,408
28	91	0	0	0	3,534	48,633	735,443	0	535,695	1,271,138	1,499,352	763,909
29	92	0	0	0	3,804	52,346	791,593	0	576,595	1,368,187	1,559,326	767,733
30	93	0	0	0	4,095	56,342	852,029	0	620,617	1,472,646	1,621,699	769,670
31	94	0	0	0	4,407	60,644	917,080	0	668,000	1,585,080	1,686,567	769,487
32	95	0	0	0	4,744	65,274	987,098	0	719,000	1,706,098	1,754,029	766,931
33	96	0	0	0	5,106	70,257	1,062,461	0	773,894	1,836,355	1,824,191	761,730
34	97	0	0	0	5,496	75,621	1,143,578	0	832,980	1,976,558	1,897,158	753,580
35	98	0	0	0	5,915	81,395	1,230,888	0	896,576	2,127,464	1,973,044	742,156
36	99	0	0	0	6,367	87,609	1,324,864	0	965,028	2,289,892	2,051,966	727,102
37	100	0	0	0	6,853	94,298	1,426,015	0	1,038,706	2,464,721	2,134,045	708,030

Mark Schmidt Date

Loan Officer Mark Allen Schmidt, NMLS 846014/CO 846014
Loan Origination Company NMLS 1791529 / CO 1791529

Remarkable Mortgage
Remarkablemortgage.com 720.206.4538 CO Lic 1791529

Comparison of Loan Products

Loan Officer: Mark Allen Schmidt, (720) 206-4539
Created for: Mark Schmidt (01/15/1962)
Property Address: , Aurora, CO, Arapahoe 80015

Loan Number: 10229518
Closing Date: 07/26/2024
Nearest Age: 63
Exp. Rate Date: Application Date,

	1YR-CMT Monthly 5% cap	B-Fixed	1YR-CMT Annual
Index	1y cmt	(Fixed)	1y cmt
Margin/Rate	Margin: 2.250%	Rate: 7.680%	Margin: 3.500%
Expected/Initial Rate	6.880% / 7.420%	7.680% / 7.680%	8.130% / 8.670%
Interest Rate Cap	12.420%		13.670%
MIP Rate	0.500%	0.500%	0.500%
Initial LOC Growth Rate	7.920%		9.170%
Estimated Property Value	$500,000.00	$500,000.00	$500,000.00
Max Claim Amount	$500,000.00	$500,000.00	$500,000.00
Principal Limit	**$162,000.00**	**$146,500.00**	**$137,500.00**
− Mortgage Insurance	$10,000.00	$10,000.00	$10,000.00
− Origination Fee	$6,000.00	$6,000.00	$2,500.00
− Other Fees	$2,728.41	$4,512.19	$2,728.41
− Liens Payoff	$75,000.00	$75,000.00	$75,000.00
Available Funds	**$68,271.59**	**$14,650.00**	**$47,271.59**
	For 1st Year: $16,200.00		For 1st Year: $13,750.00
Available Tenure	**$446.66**		**$352.15**
Disbursement	**Cash** $0.00	**Cash** $14,650.00	**Cash** $0.00
	Monthly $0.00		**Monthly** $0.00
	LOC $68,271.59		**LOC** $47,271.59
	$16,200.00 for 1st year		$13,750.00 for 1st year

Additional Information

Mandatory Obligations	$93,728.41	$95,512.19	$90,228.41
Initial Disbursement Limit	$109,928.41	$110,162.19	$103,978.41
Additional 10% Usage	$16,200.00	$14,650.00	$13,750.00
UPB	$93,728.41	$110,162.19	$90,228.41

These numbers are calculated based on the current interest rates and the estimated closing date. Changes in interest rates and/or changes in the final closing date may cause the funds available at closing to be higher or lower than stated.

Mark Schmidt Date

Estimate of Closing Costs

Borrower(s): Mark Schmidt
Property Address: Aurora, CO, Arapahoe 80015
Loan Number: 10229518
Prepared: 4/23/2024

Estimated Home Value: $500,000.00

This is not a Good Faith Estimate or a Truth-in-Lending Disclosure Statement required by federal law. If you make an application with us, your Good Faith Estimate and Truth-in-Lending Disclosure Statement will be provided to you in the opening package. This is not a commitment to lend, nor is it a rate lock, pre-qualification or pre-approval. This worksheet is intended to assist you in evaluating a loan or home purchase using estimated closing and property costs. Closing and settlement costs, reserve deposits, interest rate and Annual Percentage Rate (APR) are subject to change and the estimates shown below may be more or less depending on factors such as down payment, property type, and occupancy. Housing costs will vary depending on location, homeowner's association dues, local and state fees, taxes, and hazard and mortgage insurance. Charges from third parties, which may include Lender's affiliates, will be passed through at the actual cost charged by the third party. You should review these estimated charges when considering the total cost of your loan.

Estimated Closing Costs

Finance Charges	POC Amount	Estimated Amount
Origination fee		$6,000.00
Flood certification		$10.50
Document preparation		$170.00
MERS registration		$24.95
Mortgage insurance premium		$10,000.00
Settlement or closing fee		$250.00
Counseling fee	$125.00	$0.00

Other Charges	POC Amount	Estimated Amount
Appraisal fee	$720.00	$0.00
Credit report		$48.96
Lender's title insurance		$1,784.00
Notary fee		$200.00
Recording charges mortgage		$240.00
	$845.00	$18,728.41
Total Estimated Settlement Costs		$19,573.41

Reverse Mortgage Counseling Notice

Pursuant to Colorado Rev. Stat. Ann. §11-38-111

Borrower:	Mark Schmidt	Broker:	Remarkable LLC
Property Address:	, Aurora, CO, Arapahoe 80015	Broker Lic.#:	NMLS 1791529 CO: 1791529
Loan Number:	10229518	Loan Officer:	Mark Allen Schmidt
Prepared:	4/23/2024	Loan Officer Lic.#:	NMLS 846014 CO: 846014

A reverse mortgage is a complex financial transaction that provides a means of using the equity you have built up in your home, or the value of your home, as a source of additional income. If you decide to obtain a reverse mortgage loan, you will sign binding legal documents that will have important legal and financial implications for you and your estate. It is therefore important to understand the terms of the reverse mortgage and its effect. You may also want to discuss your decision with family members or others on whom you rely for financial advice.

Borrower Counseling

Before entering in this transaction, you are advised to obtain counseling from an independent loan counselor. A list of approved counselors will be provided to you by the lender at your request.

☑ I/we ☐ have obtained ☐ will obtain counseling from an independent loan counselor.

Acknowledgment

I/We have read the above document and acknowledge receiving a copy by signing below.

Mark Schmidt Date

Preparing for Your Counseling Session

The decision to get a reverse mortgage is an important one. The Department of Housing and Urban Development (HUD) and the Federal Housing Administration (FHA) want to ensure you are able to make an informed decision and that you are able to choose a course of action that will meet your needs. For this reason, housing counseling for HUD's Home Equity Conversion Mortgage (HECM) is required. The purpose of this overview is to provide introductory information on counseling and the HECM program, to help you prepare for your counseling session. After your counseling session, you will have a better understanding of the features of a reverse mortgage; the impact a reverse mortgage will have on your particular circumstances; and whether services or programs other than a reverse mortgage might better meet your needs.

What You Can Expect from Your Reverse Mortgage Counselor

Understanding what to expect from reverse mortgage counselors is an important first step in setting your expectations for your counseling session. Remember, only you can decide if a reverse mortgage is right for your situation. The counselor provides information to assist you in making that decision.

- The counselor is responsible for helping you understand reverse mortgages and the appropriateness of a reverse mortgage to meet your particular need as well as alternatives to a reverse mortgage.
- Reverse mortgage counselors will discuss your financial and other needs for remaining in your home, the features of a reverse mortgage and how it works, your responsibilities with a reverse mortgage, the impact of a reverse mortgage on you and your heirs, and the availability of other assistance you may need.
- The job of the counselor is not to “steer” or direct you towards a specific solution, a specific product, or a specific lender.
- Counselors will help you understand your options and their impacts.

Reverse mortgage counselors are required to follow specific practices, which are designed to ensure you receive quality counseling services and are protected against fraud and abuse. HUD requires that HECM counselors do the following:

- Send you required materials (i. e., this packet) prior to you counseling session,
- Follow established protocols when conducting the counseling session, and
- Follow up with you after the session has concluded.

What You Can Expect from the Reverse Mortgage Counseling Process

Step 1. Schedule an appointment. The counseling process begins when you schedule your appointment for a counseling session. You must schedule an appointment directly with the counseling agency. Your lender cannot initiate or participate in the counseling session. This session is conducted in person or over the telephone; however, HUD advises that, if possible, you meet with your counselor face-to-face to gain greater benefit from your session.

Step 2. Counselor will contact you and send information. Once you have set up an appointment, the agency sends you a packet of information so that you can prepare for your session. Before you begin, you should also know that some agencies charge a fee for counseling; if you cannot afford to pay this fee, you should discuss your inability to pay with the agency at the outset of your session to understand your options.

Step 3. The counselor will collect from you: Your name, contact and other key information, including your interest in obtaining a reverse mortgage, for the counseling session.

Step 4. Counseling session: The counselor will discuss with you your needs and circumstances; provide information about reverse mortgages and other alternative types and sources of assistance that might be available to you. During the session, you will work with the counselor to develop an assessment of your current financial situation using the Financial Interview Tool, which will assist you in determining the best course of action. You should be prepared to discuss your income, debts and expenses. You will also be offered the opportunity to obtain a BenefitsCheckUp which may provide information on funds and services in your area for which you may qualify.

Step 5. Certificate of Completion: Once you complete your session and you and your counselor are comfortable that you understand the essentials of a reverse mortgage, the counselor will issue a certificate which verifies for a lender that you have successfully completed counseling.

Step 6. Follow up: Your counselors will follow up with you to learn if you need further assistance and to understand the outcome of your counseling session. You may also call your counselor to seek further assistance after your session.

How a Reverse Mortgage Works

Before you begin your counseling session, it is helpful if you understand a few basics about a reverse mortgage.

Reverse mortgages enables qualified homeowners to convert their home's equity into available cash – a lender advances you money (the loan) based upon the equity in your home. The amount of money you are eligible to receive generally depends upon the amount of equity in your home and your age at the time you get the loan.

With a reverse mortgage, you remain the owner of your home. You must continue to pay property taxes and homeowner's insurance. You are also responsible for maintaining your home in good condition.

You will not have to repay your loan balance for as long as you live in your home. You can choose to pay off the loan through the sale of the property or prepayment of the loan at any time without penalty. Your estate may retain ownership of the property and must pay off the loan in full or the property can be sold to an unrelated party for the lesser of the unpaid mortgage balance or 95% of appraised value.

Types of Reverse Mortgages

There are three types of reverse mortgages shown in the chart below.

Single purpose reverse mortgage	Typically offered by state and local government agencies to be used in only one specific way, for example, home repairs
Proprietary reverse mortgage	Can be used for any purpose and may be suitable for borrowers with high cost homes
Home Equity Conversion Mortgage (HECM)	Can be used for any purpose and is **insured by the Federal Housing Administration.**

Payment Plan Options

There are several types of HECM loan plans available, including monthly and annually adjusting interest rate loans as well as fixed interest rate loans. Borrowers can decide to take a line of credit with flexible draw down options, a term loan with fixed monthly payments for a specified number of years, or a tenure plan with guaranteed payments for life or a combination of these options.

Choosing a Reverse Mortgage to Meet Your Needs

HECM payment plans are flexible. The best payment plan for you will depend on your current and future financial needs and circumstances. For example:

- *If you have a small balance on your existing mortgage and would like to pay it off with the reverse mortgage,* a line of credit plan would allow you to draw all the funds at loan closing and pay off the current mortgage.
- *If you need a set amount of money every month to supplement your income to help meet monthly expenses,* then a tenure or term payment plan might be a suitable option for you.
- *If you know you will have some large health care expenses in the near future and want to have the funds available when needed,* a line of credit may also meet your needs.

Your reverse mortgage counselor will discuss your goals for a reverse mortgage with you and will explain the different options available to help meet your needs.

Costs to Obtain a HECM

Costs associated with HECMs are the same as those for “forward” mortgages used to purchase a home. These costs include lender fees to originate the mortgage, servicing fees for ongoing administration of the loan and interest on the money you use from the loan. There are also closing costs, which include all the usual and customary expenses associated with obtaining a mortgage, for example, the appraisal, title searches and insurance. HECMs also include a fee for FHA mortgage insurance.

Impact on Tax/Social Service Benefits

Reverse mortgage loan advances are not taxable and do not affect Social Security or Medicare benefits. However, you must be careful that any loan proceeds you retain do not exceed the monthly liquid resource limits for Supplemental Security Income (SSI) and Medicaid.

Alternatives to a Reverse Mortgage

Your HECM counselor will also help you consider options available to meet your needs other than a reverse mortgage. These options include:

- selling your home and moving to a more suitable residence,
- renting as well as other financial options, and
- support services and public benefits that may be available to you in your community

HUD encourages you to learn as much as possible about your options, before you decide on a reverse mortgage. Listed below are resources you can access to learn more about reverse mortgages and elder care.

AARP's web site at www.aarp.org/money/revmort provides more information on reverse mortgages and calculators that will provide general estimates of the amount of money you might receive from a reverse mortgage. You may also contact AARP at 1 (800) 424-3410.

The National Reverse Mortgage Lenders Association provides consumer information on their website at http://www.reversemortgage.org/default.aspx and can be reached by calling (866) 264-4466.

Use Your Home to Stay at Home©

The official reverse mortgage consumer booklet approved by the U.S. Department of Housing & Urban Development

ncoa
national council on aging

The National Council on Aging (NCOA) is committed to helping older Americans live with their best possible health and economic security. For many older adults, their home is their biggest financial asset, and they want to remain there as long as possible. This booklet is designed to help older homeowners understand and evaluate the options available to them, including reverse mortgages. We hope you find it useful for your situation.

— Ramsey Alwin, *President & CEO*
National Council on Aging

Overview

Like most Americans, you probably want to stay in your home as you grow older. However, as it gets harder to do things on your own, you may need a helping hand with everyday tasks. It can be costly to pay for help at home, along with home modifications and other health needs. For many people, these extra costs are a real burden.

Older Americans often hold onto their homes as a nest egg in case they need extra money. But when that "rainy day" arrives, how do you make use of that home value?

One option is to sell the house and move. There is another option that would allow you to continue to live in your home—tapping the stored value of your home with a loan. Home equity is the difference between the appraised value of your home and what you owe on any mortgages. A reverse mortgage can allow you to convert some of that home equity into cash so that you can stay at home.

Using the equity in your home can seem like a good idea. But is it right for you? It is a decision you should consider carefully, because your house may be your most valuable financial asset. This booklet will help you understand the benefits and challenges of this funding option. After reading this booklet, you should be better able to:

- Decide if staying at home is right for you.
- Understand the reverse mortgage option, as well as other ways you can pay for help at home.
- Know where to go for more information.

People who need help at home face many challenges. An ongoing health problem can make it hard to know how much longer you can continue to live at home. You should also be aware of government benefits and community programs for seniors, and how a reverse mortgage may affect your eligibility for these programs.

This booklet will give you the tools you need to make wise choices. It will help you ask the right questions and plan ahead so that you can stay at home as long as possible.

Talking with family, a reverse mortgage counselor, a local senior services provider, or a knowledgeable financial advisor also can help.

Challenges of Aging in Place

Living at home can become difficult as you grow older. Ongoing health conditions such as arthritis or poor eyesight can make it hard to do household chores, drive a car, or climb stairs safely.

People who are forgetful may not take their medicine on time or be able to prepare nutritious meals. Without extra help, older people often struggle with everyday tasks after a serious heart attack, stroke, or fall.

In the past, when an older person had trouble living alone, that was a signal that it was time to move in with family or go to assisted living. Today, there is a wider range of options, and you may be able to receive services and supports in your home or community. This is often called "aging in place."

Choosing to live in your home when you need extra help can be a big decision. There are many practical and financial factors to consider. You will need to balance health and safety issues with your desire for independence and a familiar setting. It is crucial to plan ahead as much as possible. Answering these questions can help you get started:

- Does your home meet your needs?
- What kind of help do you need to stay at home?
- What resources do you have to help you stay at home?
- What other housing options do you have?

It is important to remember that every situation is unique. What may work for one person might not be the best choice for someone else.

Does Your Home Meet Your Needs?

First, make sure that your home is safe and comfortable, and fits your needs at the present time, and into the foreseeable future.

The right housing for you

Where you live and the house itself can keep you from aging in place. Think about these factors to see if staying in your own home makes sense:

- ***Changing needs*** — Can you handle the yard work, upkeep, and repairs, or afford to pay for help? A house that was ideal 30 years ago may now be too large or too difficult to handle alone.
- ***Safety*** — Can you safely live in the home as your needs change? A house with uneven floors, or with stairs that are steep, broken, or without handrails is an accident waiting to happen. Have you fallen in your home or are you fearful of falling in your home? Do you have adequate lighting outside and inside your home? An unsafe neighborhood may make you afraid to go shopping or attend social activities.
- ***Isolation*** — Do you have friends or family nearby? Is public transportation available if you can no longer drive? A trip to the grocery store, pharmacy, or place of worship can be a problem when you cannot drive. It is easy to feel lonely or trapped when family and friends are far away.
- ***Ease of use*** — What if you become unable to climb stairs, or to walk? If you need a walker or a wheelchair, it helps to have clear pathways, a bedroom and full bath on the ground floor, grab bars in the bathroom, and ramps for the entrance to the house.

If any of these issues apply to your home, consider whether you can address them by making modifications to your house or bringing in outside help. In some cases, it may make more sense to sell the house and move to a more suitable place.

What Kind of Help Do You Need?

Major areas to consider

- Keeping up with property charges such as taxes, hazard insurance and HOV fees etc.
- Housekeeping
- Meal preparation
- Shopping for food, medications, and other necessities
- Yard work including mowing, snow removal, etc.
- Home repairs and modifications
- Money management
- Transportation
- Personal care (bathing, dressing, etc.)
- Medical or nursing needs
- Social contact

Sources of help

Most older people who have difficulty with everyday tasks get help in their own homes, often from family or friends. There are also many professional home and community based services. A homemaker can provide transportation, do household chores and errands, prepare food, and also provide some companionship. A personal care assistant can help with activities such as bathing and dressing. A nurse can check your medications and give medical care, while a therapist can provide rehabilitation in your home. Adult day centers may offer social activities, meals, health checks, rehabilitation therapies, and respite for caregivers.

Relying on family and friends can work if they are nearby and have the time and energy to spare, but not every family has an available caregiver. Relying on paid services may not work if you do not want a stranger in your home. It can also be hard to find the services you want at a price you can afford.

Cost of supportive services

When you get paid help at home, usually someone comes into your house from a home care agency. These professional services can be expensive and are not covered by traditional Medicare plans or other health insurance. While services in the home and community may cost less than living in assisted living or other care facility, these expenses can add up over time. For example, if you need a couple of hours of help from a home health aide in the morning and at night, you could easily spend $96 per day, or $2,880 per month.

Median National Cost of Services, 2020

- Homemaker: $23.50/hour
- Home health aide: $24.00/hour
- Adult day health care (private bedroom): $74.00/day
- Assisted living: $4,300/month
- Nursing home: $255-290/day

Source: Genworth Financial 2020 Cost of Care Survey

You also may need to make changes to the house to make it easier and safer to stay at home. Home modifications can range from $100 to install a grab bar to thousands of dollars to install a stair lift or add a ground-floor bathroom.

What Resources Do You Have to Help You Stay at Home?

Look at all the resources you can use to help you live at home. You likely have three major sources of help: support from family and friends, personal income and assets, and the equity in your home.

Support from others

Most older Americans who have difficulty doing everyday tasks depend on family and friends for help. Children can run errands, provide transportation, and help maintain the house. Neighbors and friends may help with yard work or home repairs.

A spouse or adult children can provide a high level of loving care. But think carefully if you expect to rely on your spouse or children as your only source of help. It can be very tiring to help someone every day, especially if they have trouble walking or have severe changes in memory and thinking. Caregivers may develop health problems because of the strain of these activities. Working caregivers may have to give up their job or cut the number of hours they work to give help at home. Your children or spouse may not have the ability and willingness to provide the level of care you need.

Personal finances

Paying for in-home services and other health-related expenses can quickly use up a big part of a retirement nest egg. Review your finances carefully. They will be an important part of your decision to remain at home. Your finances include your income, savings, and investments.

- ***Estimate your household budget*** — Work out your income and living expenses, along with the monthly cost of any loans and credit card debt. Make sure you budget for home repairs and maintenance, as well as annual expenses like homeowners' insurance and property taxes.

- ***Take a hard look at your cash flow*** — Do you have enough money each month to pay for everyday expenses? Do you often have to turn to savings or credit cards to meet monthly bills? Do you struggle when a larger or unexpected expense like a tax bill or a car repair comes along? Remember that your medical expenses and need for help may increase as your health changes.
- ***Consider your other assets*** — What readily available savings do you have? If you have other non-cash resources such as stocks, bonds, or property other than your home, how difficult would it be to sell those assets if you needed money? Be aware that selling income-generating assets could increase your risk of running out of retirement funds over time?
- ***Look into eligibility for government assistance*** — If you have very limited finances, you may be eligible for help with the costs of care at home, or with other expenses such as prescription medications, food, and property taxes.

Home equity

Home equity is the difference between the appraised value of the home and what you owe on any mortgages or other debt against the home. If you've owned your house for many years, it could be worth more than you paid to buy it. If the house is paid off, or if you have a relatively small amount of debt on it, the equity could be more than you expect. Borrowing against the equity in your home could give you extra cash for home modifications or help pay day-to-day expenses. A home loan may also be less costly than borrowing money at high interest rates from credit cards.

It can be a very emotional decision to tap home equity. Many people see their house as a home, not as a resource to pay for everyday expenses. You may have worked very hard to pay off your mortgage. It may be important to you to leave an inheritance for your children. You must balance your desire to preserve home equity with the risk of not having enough funds to continue to stay at home.

You may also want to talk to your heirs about this decision. You might find that your children would prefer that you use your equity to support your home care needs and help you stay independent, even if it means they receive a smaller inheritance.

What Other Housing Options Do You Have?

Living with an ongoing health condition can be hard. You may need to change your living situation when you:

- Cannot take care of yourself or manage the home, even with whatever help is available.
- Have had several falls or other accidents.
- Need round-the-clock assistance (such as in the later stages of Alzheimer's disease).

You may not want to move because you are afraid of losing your independence. However, today there are many attractive housing choices where you can get the help you need.

Sharing a home with family members

One option may be to live with your children. There can be many benefits to such an arrangement, for you and for your children and grandchildren. But first, think about how this will work. How easy would it be to live together? Would it be a pleasure, or an ordeal? Do your children have room for you? Will they have to make changes to their house, such as adding grab bars or building a ramp.

Do they have the time and energy to provide the help you need on a daily basis? Who will pay for expenses such as rent? Having a frank and detailed discussion with your children about these issues may spare all of you pain and conflict later on.

Senior apartments and retirement communities

Affordable housing for seniors typically consists of small apartments that are open to seniors with low to moderate incomes. Though the space may be small, the cost is also modest, and far less expensive than maintaining a home, paying property taxes, etc. In some cases, rents are based on income.

For those with more financial resources, rental retirement communities offer a more luxurious independent living environment with services and amenities such as a common dining room, housekeeping and laundry services, transportation, recreation programs, etc.

Assisted living

In assisted living, you can live in a private room or apartment and get help with everyday activities. Meals are usually offered in a common dining area, structured recreational activities are offered, and help with personal care is provided as needed. Help is at hand 24 hours a day in case of a fall or illness. Although this level of care can be expensive, some states have programs to help with the costs.

Continuing care retirement communities (CCRCs)

Continuing care retirement communities (CCRCs), or life care communities, offer a full range of services from independent living, to assisted living, to full nursing care. You can enter the community in an independent apartment or cottage, and then move to higher levels of care as your needs change. Most CCRCs are quite expensive, however. Typically, a large initial payment is required, and you may need to prove that you have enough resources to pay monthly costs for some years ahead.

Your House As a Resource

Once you decide to continue living at home, and that you will need resources beyond your income and savings, the next step is to explore options. This section describes your choices for tapping home equity.

Typically, you would take out a loan that uses your home as the collateral to guarantee that you will repay the loan. To help you decide which option may be best for you, think about these questions:

- Why do you need the money and for how long?
- What loan options are open to you?
- How much cash can you get from your house?
- Are you prepared to tap home equity?

The equity you have built up over many years should be used wisely. It is important that you understand the costs, benefits, and risks of different types of loans.

Why Do You Need the Money?

Since different kinds of home loans work best for different purposes, you need to be clear about how you plan to use the money. Some homeowners like to plan ahead by taking out a line of credit.These funds give them the flexibility to pay for unforeseen expenses as they arise. Others want a lump sum to deal with a specific, one-time cost such as adding a bathroom or paying off an existing mortgage.

How long you will need the loan will also make a difference in your decision. Are you tapping home equity to solve an immediate, one-time problem? Or will you need funds for many years to pay ongoing household expenses? When you take out a loan to tap a portion of your home equity, you usually cannot use the remaining equity for other needs until you pay off the loan. It is important to look at your overall financial situation, or you may find yourself stuck with a loan that doesn't fit your changing needs.

What Loan Options Are Available to You?

Conventional home equity loans and lines of credit

These loans can be useful if you are unsure how long you can continue to live at home or how much help you will need. Until you have a good sense of what's going on with your health situation, you can get extra funds from these loans without paying large fees or making drastic changes. Conventional home equity loans can also help families who have other assets they do not want to sell right away. There are two types of home equity loans.

- ***Home equity line of credit*** — This loan works like a credit card. You can borrow up to a certain limit, for a set period of time, such as 10 or 15 years. During that time, you can withdraw money as needed, and may be able to pay only the interest on the balance. Once the time is up, you must pay back both principal and interest within a repayment period such as 10 years, making the monthly payments much higher. Costs to set up these loans may be relatively low.
- ***Home equity loan*** — You receive a set amount of money in a lump sum. You pay off the loan over a set amount of time, with fixed monthly payments that include both principal and interest.

With these loans, you may have to pay "points," appraisal fees, closing costs, and loan origination fees. Closing costs may include attorney's fees, fees for preparing and filing a mortgage, fees for title search, taxes, and insurance.

ADVANTAGES

- If you qualify and your credit is good, you may be able to get a home equity loan or line of credit quickly.
- A home equity line of credit may have relatively low upfront costs, compared to refinancing a first mortgage or obtaining a reverse mortgage.
- With a line of credit, you pay interest only on the amount you borrow, even though you may be approved for a larger amount. This makes a line of credit good for covering unexpected expenses.
- A line of credit can be good for a short-term need, such as repairs that need to be made before selling the house, since you may be able to pay interest only in the early years of the loan.

DISADVANTAGES

- You may not qualify for these types of loans. Lenders look carefully at your income, other debt, and credit history, as well as the amount of equity you have in your home.
- You must be able to make monthly payments. If you can't make these payments, you could lose your house, just as you would if you didn't keep up with your first mortgage.
- When the time is up on your line of credit, you must start paying off the entire loan balance, not just the interest. This means that you may suddenly have a much larger monthly payment to make. You can't count on being able to renew the line and keep on borrowing.
- Using a conventional home equity loan or line of credit to solve cash-flow problems can be risky. If your health declines, monthly loan payments along with other expenses may become more than you can handle.

Reverse mortgages

If you expect to live in your current home for several years, you could consider a reverse mortgage. There are three types of reverse mortgages that are designed to meet different needs. These loans are called “reverse” mortgages because the lending institution pays the homeowner.

Unlike conventional mortgages, you do not need to make any monthly payments on a reverse mortgage for as long as at least one borrower continues to live in the home. However, you do need to keep paying taxes, insurance, and upkeep on the house.

During the time you have the loan, the lending institution charges interest and adds it to the amount you borrowed instead of making you pay it monthly. This means that the amount you owe gets bigger the longer you have the loan. When the last borrower moves out of the home or dies, the loan becomes due in full, including the amount you borrowed and the interest that was added. The loan is often repaid by the borrower or their heirs through selling the home.

Single purpose reverse mortgages

Many states and communities offer these loans to help older homeowners who are struggling to live at home. This type of reverse mortgage is designed to meet specific needs.

- ***Home repair and modification loans*** — Borrowers get a one-time, lump-sum loan that pays for the specific repairs or home modifications that the program allows.
- ***Property tax deferral loans*** — These programs allow older homeowners to defer payment of some or all of their property taxes. The deferred taxes become a loan that is repaid when the borrower dies or moves out of the house.

ADVANTAGES

- Single purpose reverse mortgages usually cost less than conventional home equity loans or other types of reverse mortgages.
- Some of these loans are “forgivable.” This means you may not have to pay back all of the loan if you continue to live in the home for a certain period of time.

DISADVANTAGES

- Most programs have age and income requirements. Often, only homeowners with low or moderate incomes can apply.
- The money can only be used for one purpose.
- You may not be able to get more money if needed later. Home repair loan programs are often one-time only.
- The remaining equity in your home may not be available to use for other needs.
- These loans may not be available where you live.

Proprietary reverse mortgages

A few lenders offer reverse mortgages that are designed for people with very high-value homes. Proprietary reverse mortgages may offer a bigger loan advance compared to other reverse mortgages. These private loans are sometimes called “jumbo” reverse mortgages.

Home Equity Conversion Mortgage (HECM)

A HECM is a type of reverse mortgages that is designed for people ages 62 and older. The HECMs are insured by the Federal Housing Administration (FHA), a government agency that is part of the U.S. Department of Housing and Urban Development (HUD). Lending institutions, such as mortgage companies and banks, offer these loans, following rules set by HUD.

Because HECMs are the most common type of reverse mortgage, the following information focuses only on this type of loan.

Features of Home Equity Conversion Mortgages (HECMs)

Loan amounts — The maximum amount of money available (called the "principal limit") is based on three things:

- **Value of the home**, as determined by a HUD-approved appraiser, up to a nationwide limit that may change from year to year. Owners of very high-value homes may not be able to borrow against the full value of their property. These borrowers may want to look into the proprietary or "jumbo" reverse mortgages.
- **Age of the youngest borrower** (or spouse, if the spouse is younger). At least one homeowner must be aged 62 or older. Younger borrowers receive less money because their life expectancy is longer, and this means they may keep the loan longer, accumulating more interest.

  If there is a spouse who is not yet 62, they cannot be a borrower on the loan. However, their age will still affect the amount of money available.
- **Interest rate offered**. Lower interest rates allow you to borrow a higher percentage of home value.

Ways to get money — Borrowers may be able to receive loan advances (payments from the lender) in several ways.

- **A line of credit** allows you to borrow money as needed, up to a set limit. Unlike a conventional home equity line of credit, the HECM line of credit does not have a time limit and does not require you to make interest payments.
- Two kinds of fixed **monthly options** are available—a loan advance every month for a specific period of time, or a loan advance every month for as long as you live in your home.
- You also can combine a line of credit with a monthly option.
- You are no longer allowed to borrow all of the loan money at once at the beginning of the loan (lump sum), unless it is to pay off a mortgage or some other "mandatory obligation."

While there is no restriction on what you do with the money, there can be limits on how much money you are allowed to receive in the first year. Unless you have a large mortgage to pay off or are buying a house with a HECM, you will probably be able to borrow no more than 60% of the total loan amount (principal limit) in the first year.

What can a HECM be used for?

The money that is available to you from the HECM is first used to pay off any other loans against the house. After that, you can use the rest of the money for any purpose you choose, including living expenses, home repairs and modifications, home care expenses, paying off other debts, paying property taxes, etc. You can even use a reverse mortgage to purchase a new home, which might help you downsize to a house that suits you better or is closer to family.

Costs of a HECM — Many of the loan closing costs for a reverse mortgage are the same as what you would pay for a traditional "forward" mortgage. These fees include an origination fee, appraisal, and other closing costs (such as title search and insurance, surveys, inspections, recording fees). HECM borrowers also pay a mortgage insurance premium that covers FHA insurance. The mortgage insurance helps protect you in case of a lender failure and assures both you and your heirs that you will not have to pay back more than the house is worth. Almost all of the costs can be paid using loan money ("financed"), which means that you don't have to pay them out of pocket.

Eligibility for HECM loans — All homeowners must first meet with a government-approved reverse mortgage counselor before their loan application can be processed. This is to ensure that borrowers get objective information from someone who will not profit from the loan.

Also, the home has to be in good condition and must meet HUD standards. Any existing mortgage or other debt on the home must be small enough to be paid off using the HECM funds. Unlike a conventional home equity line of credit, you cannot have a HECM in combination with another kind of home loan.

Financial assessment for HECM borrowers — Unlike standard home equity loans, eligibility for HECM loans is not primarily based on credit history or credit scores. Lenders and HUD are primarily trying to make sure that the borrower will be able and willing to keep up their end of the bargain—paying the property taxes and insurance and keeping the house in good condition. The most important factor will be whether you have paid your taxes on time and kept the home insured. The lender also may consider whether you have consistently paid other bills on time. In addition, they will look at your income and expenses to see if you have enough money to live on and still pay your property taxes and insurance.

If the lender sees that you have had trouble paying your taxes and insurance, or that you don't have enough income to cover your regular monthly expenses, they may require what is called a "life expectancy set-aside." A set-aside means that the lender holds back part of the money from your loan, so that it can be used solely for paying your taxes and insurance. The amount of money is based on your life expectancy (an estimate of how long you will live based on how old you are when you get the loan.) This can add up to a lot of money, especially if you are relatively young or live in a place with high taxes.

These financial assessment rules won't cause you any problem if you have always paid your taxes, insurance, and other bills on time, and you have enough income to cover your living expenses and debts.

However, if you have been struggling to pay bills, especially taxes and insurance, or if your income is very low, you may not be able to get a HECM loan. If you are able to get a HECM, some of your loan money may have to be reserved to cover your future taxes and insurance, and this will only be possible if you have enough equity in the home.

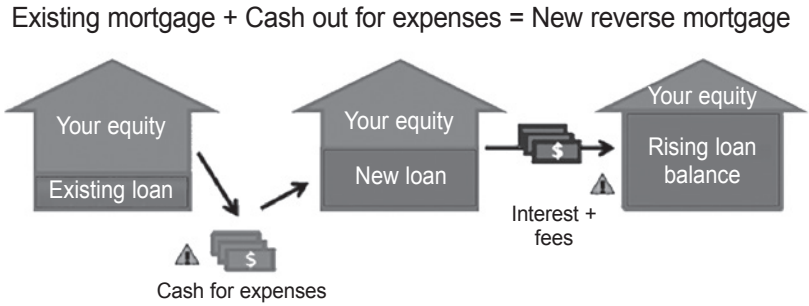
ADVANTAGES

- You continue to own your house and can never be forced to leave, as long as you live in it, keep the home in good condition, and pay your property taxes and insurance.
- There are no **monthly** payments to make on the HECM, as long as at least one borrower lives in the home.
- If you had a mortgage before getting the HECM, that mortgage will be paid off. This gives you more money to live on.
- The HECM funds may provide a resource for paying property charges such as taxes, hazard insurance and HOA fees, etc. as well as other necessary expenses.
- There is no time limit on how long you keep the loan before you have to pay it off, as long as you live in the home.
- Even with the financial assessment, credit requirements for a HECM are less strict than for standard home equity loans and lines of credit.
- Interest rates are not based on credit history or credit scores.
- You (or your heirs) will never have to repay more than the value of the home if you sell the property to repay the loan, even if the value of your home goes down.

DISADVANTAGES

- The reverse mortgage is a loan and will have to be paid back in full when the borrower no longer lives in the home.
- Because interest and mortgage insurance are added to the loan instead of being paid monthly, the amount you owe gets larger and larger over time. This process may use up a large part of your home value.

- As a result, you may have less to leave as an inheritance to your family, or less to keep if you later want to sell the house and move somewhere else.
- Closing costs for a reverse mortgage can add up to a large amount. Although closing costs can be financed into the loan, this uses up a portion of your equity at the beginning of the loan. This is one reason why a HECM is best used as a longer-term planning tool.
- If you already have a large mortgage, you may not be eligible for a HECM, because the HECM loan must be large enough to pay off the old mortgage in full. HECM loan amounts are not allowed to be as large as forward mortgage amounts, compared to the total value of the house.
- **You have to be at least 62 to get a reverse mortgage.** If there are two married homeowners and one is younger than 62, that person will have to be what is called a "non-borrowing spouse." If the older spouse dies, the younger, non-borrowing spouse might still be able to live in the house, but they will not be able to get any more money from the HECM. Talk to your lender for more details.
- If you are the only homeowner and you stay in an assisted living or nursing facility for more than a year, you will be required to repay the balance of the loan (usually done by selling the house).



Graphic courtesy of the Consumer Financial Protection Bureau

- Reverse mortgage borrowers must keep their homes in good repair, pay property taxes and homeowners insurance. Life expectancy set asides can assist in that, but it's the homeowners' responsibility even after those funds are used up.
- **Failure to keep property charges current can result in the lender foreclosing on the property.**

How Much Cash Can You Get from Your House With a Reverse Mortgage?

A HECM loan allows you to borrow a percentage of the value of your home, based on the borrower's age and the interest rate.

To get a sense of how much money you may be able to get from a reverse mortgage, use the simple, online calculator at ***www.reversemortgage.org/About/Reverse-Mortgage-Calculator****.* Remember, though, only a lender can tell you for sure how much you qualify for, because interest rates change frequently, and your estimate of your home value may not match that of an appraiser.

The condition of the home also may determine how much cash you will be able to receive and whether you can get the HECM at all. The house needs to be in good repair to qualify for a reverse mortgage.

HECM reverse mortgage examples

Let's consider the situation of four borrowers who each take out an adjustable rate HECM reverse mortgage. Each borrower lives in a house that is in good repair and is worth $200,000.

Bill Smith (age 63) recently retired and has been struggling to pay his current mortgage. Bill receives about $92,000 from a HECM reverse mortgage. This pays off his existing mortgage and frees up extra cash for monthly expenses. However, this uses up all the available funds from his HECM, so he needs to budget carefully to pay property taxes and insurance each year from his income. He also has to plan ahead, because interest charges add up over time, which could leave him with little or no home equity if he later needs to sell and move.

Joe and Liz Anderson (ages 75 and 73) built their 2-story dream home after retiring. Recently, Joe had a mild heart attack and he now has difficulty climbing the stairs. Based on Liz's age, the Andersons can get about $102,000 from their reverse mortgage. They take $20,000 of the loan to install a stair lift and make other home modifications. They keep the rest in a line of credit for future needs. If they need it, they can get up to about $37,000 more from their line of credit in the first year, and the remainder later on. In the meantime, that line of credit will get a little larger every month, making even more money available for future needs.

Melba Jones (age 83) has lived in the same town all her life. She knows she can rely on family and friends for help with the yard work and housework that she can no longer do. Her big concern is maintaining adequate monthly cash flow. She can receive about $117,000 from her HECM loan and chooses a tenure (monthly) payment plan. Based on her age, this plan provides about $770 as a guaranteed loan advance every month for as long as she stays in her house. This gives her peace of mind, knowing that she can pay for extra expenses and won't be a burden to her children.

Richard and Rebecca Brown (ages 63 and 53) have joint ownership of their home, which they own free and clear. They have been struggling to get by on Richard's Social Security since Rebecca got laid off from her job last year, and they have been late with their property tax and insurance payments, as well as other bills. Their HECM loan amount is based on Rebecca's age, even though she is under 62 and will be treated as a "non-borrowing spouse." They can receive about $78,000, and the lender will set aside some of these funds to cover their taxes and insurance. The remainder will be available in a line of credit, which they can use to supplement their income until Rebecca gets a new job. If Richard dies, Rebecca may be able to continue living in the house if she can establish ownership, but, because she is not a borrower, she will lose access to the line of credit.

Are You Prepared to Tap Home Equity?

Whether you are considering a single purpose loan, a conventional home equity loan or line of credit, or a reverse mortgage, chances are that it will take time to get the equity in your home. Plan carefully to make sure that these funds will be available when you need them. The following problems could slow the process.

- ***Title to the home*** — Understand who owns the home. All borrowers must own the home, live in the home, and be eligible for the reverse mortgage. If you have co-owners who don't live in the home, you will need their cooperation to apply for a reverse mortgage.
- ***Home repairs*** — If major repairs are needed, this work may need to be done before you can get a reverse mortgage. It can take several months to find a good contractor, get the necessary permits, and complete the job.
- ***Legal competency issues*** — If one or more homeowners suffers from memory loss, dementia, or other problems with thinking and memory, they may not be legally able to sign loan documents. Make sure a spouse, adult child, or trusted friend has a **durable power of attorney** that includes real estate. This allows your family or friend to make decisions if you cannot do so. In some cases, a guardianship may have to be put in place.
- ***Money management problems*** — If you have a history of problems with paying bills on time, if you owe money to the federal government, if you have been late paying your property taxes, or if you have let your homeowners insurance lapse, you may have to do some work to become eligible for a reverse mortgage.

Government Programs

Government programs provide an important safety net. They help older Americans who have limited financial resources, and who cannot pay for help at home. Several public programs help older people cope with an ongoing health condition. Other programs can help pay for heating and cooling costs and to weatherize your home. If you qualify for these programs, you may not need to use your home equity.

Medicaid

Medicaid is a joint federal-state program that provides health insurance for many low-income Americans. It also pays for long-term care for older people who have low incomes and limited assets, and those who have high medical bills. Medicaid covered home and community-based services vary by state. These may include assistance with personal care, home health care, adult day programs, assisted living, and nursing home care. Eligibility rules are complicated and vary from state to state. To qualify for Medicaid, you must meet the income and asset requirements in your state. To get help at home, you also need to have a serious physical or mental condition. There may be different eligibility requirements for different types of home and community-based services.

Taking out a home loan may affect your eligibility for Medicaid or other programs that are based on income and resources, depending on how you handle the money. To learn more, talk to a senior services counselor, social services agency, or knowledgeable financial advisor.

Department of Veterans Affairs (VA)

The VA provides long-term care services primarily to veterans with a service-related disability, low-income veterans, and former prisoners of

war. Veterans may be eligible for nursing home care, assisted living, help at home, and home modifications. If you are a veteran, you and sometimes your spouse may receive low-cost care in state veterans homes. Veterans also may be eligible to receive cash to pay for help at home through the Housebound Aid and Attendance Allowance Program or the Veteran Directed Home and Community Based Services program.

Medicare

Medicare, the national health insurance program for seniors, mainly covers medical care (doctors and hospitals), rather than long-term care. If your are enrolled in a Medicare Advantage plan, you may be able to receive personal care, adult day services, meals, transportation, and home safety modifications. Traditional Medicare plans will pay for a home health aide, but only while you get skilled nursing care or rehabilitation therapies at home. Once you no longer need skilled care, traditional Medicare plans will stop paying for care at home, even if you still need help with everyday tasks.

Energy/Weatherization Assistance

The Low-Income Home Energy Assistance Program can help with heating and cooling energy costs, bill payment, weatherization, and energy-related home repairs. The Weatherization Assistance Program can help make your home more energy efficient and reduce your heating and cooling costs. Both programs are available to those with low incomes, and priority is given to households with a senior, person with a disability, and/or young children.

Other Resources to Help You Live at Home

Your local Area Agency on Aging offers a wide array of services. These can include help with household chores, meals served in community locations or delivered to your home, adult day care programs, caregiver support, senior centers, protective services, and legal help. Information and counseling to help you find and access the services you need are also provided. You may be able to get these programs free or at very low cost.

Many communities also provide low-cost services so that seniors can continue to live at home. These programs may include special transportation programs, friendly visits or telephone checks to seniors who live alone, light housekeeping, and help with home modifications or repairs. Faith-based organizations and charities also can help.

Where to Go for More Information

BenefitsCheckUp® is a quick, confidential, and free web service that helps you find federal, state, local, and private benefit programs for which you may be eligible: **www.BenefitsCheckUp.org**

Eldercare Locator can help you find services and programs in your area: Call 1-800-677-1116 or check the web at **www.eldercare.acl.gov**

The **Fall Prevention Center of Excellence** offers tips on how to check if homes are safe for elders and resources on how to pay for home modifications: **www.homemods.org/acl/consumerawareness/**

The **Family Care Navigator** can help to find resources for families who are caring for a loved one: **www.caregiver.org/family-care-navigator**

The **Consumer Financial Protection Bureau's Ask CFPB** website provides answers to many consumer questions about reverse mortgages: **www.consumerfinance.gov/askcfpb/224/what-is-a-reverse-mortgage.html**

The **National Reverse Mortgage Lenders Association** has consumer information and publications on these loans: **www.reversemortgage.org**

The **National Energy Assistance Referral** is a free service to learn where to apply for the Low-Income Home Energy Assistance Program and the Weatherization Assistance Program. Call 1-866-674-6327.

The **National Consumer Law Center** offers guides for people dealing with difficult financial situations and help to get legal assistance: **www.nclc.org/for-consumers/for-consumers.html**

Tips for Older Homeowners

Look at the Big Picture

Your ability to live at home is likely to change over time. It is important to look at your financial situation beyond what you need right now. Short-term solutions could be risky if you require ongoing funds for several years. It helps to save some of your home equity so you have the option of moving to a better living situation.

Don’t Wait Until the Last Minute

Timing is critical when making decisions about the home. You or your family could end up facing a serious cash crunch if you wait until a crisis to start thinking about how to tap home equity. To avoid stress, disappointment, and costly delays, plan in advance. The longer you wait, the harder it can be to find a good solution.

Have Ready Cash for Emergencies

It helps to have a three-month emergency fund of cash you can access easily, such as a money market account or short-term certificate of deposit. If this is not possible, make plans and prepare for how you would pay for an emergency. If you run short, use credit cards sensibly. Beware of anyone who offers a quick fix to your financial problems.

Create a Family Budget

A sudden change in health can disrupt the best laid financial plans. You will need to monitor your finances each month to keep family affairs running smoothly. The best way to understand your family's cash flow needs is to create a budget.

Talk to Your Family

It can be hard to discuss personal financial matters. However, good communication can bring a family together and reduce confusion. Talk with family or other heirs before taking out a reverse mortgage loan. They will need to pay off the loan balance if they want to keep the house. However, remember that the final decision is yours.

Don't Rush into Any Decision

If you decide to take out a home loan, weigh all the options to find the best solution for you. Shop around with different lenders to check that the interest rate and fees are competitive and fair.

Only sign papers that you understand. Ask questions if you are confused. Get help from a trusted family member or friend who understands financial matters. Agencies that offer reverse mortgage counseling can give you independent information.

The only time you need to act quickly is if you have already signed a loan contract and then change your mind. Federal law gives you three days to get out of a reverse mortgage or home equity loan contract. You may cancel the loan for any reason, but you must do it in writing within three days.

About NCOA

The National Council on Aging (NCOA) is the national voice for every person's right to age well. NCOA empowers individuals with trusted solutions to improve their own health and economic security—and protects and strengthens federal programs that people depend on as they age. Working with a nationwide network of partners, NCOA's goal is to improve the lives of 40 million older adults by 2030. Learn more at **ncoa.org** and @NCOAging.

ncoa national council on aging

Counseling Access Code

Your counselor will need some of the documents we provided to you.

The counselor can access these documents through the website docport.org.

At the beginning of the counseling session please ask your counselor to access the documents through the:

New website: https://docport.org

With the

Access Code: 985VLW

Reverse Mortgage Self-Evaluation:

A CHECKLIST OF KEY CONSIDERATIONS

NRMLA®
National Reverse Mortgage Lenders Association
www.reversemortgage.org

A reverse mortgage is a loan that enables homeowners that are generally 62 years of age or older to use part of their homes' equity to obtain cash proceeds that can be used in many ways. The loan does not have to be repaid until the last surviving borrower or remaining eligible non-borrowing spouse passes away or permanently leaves the home, or if the homeowners sell the home, or fail to meet the loan obligations, that include paying property taxes and insurance, and keeping their home maintained.

Nearly all reverse mortgage loans on the market today are federally insured Home Equity Conversion Mortgages (HECMs), though other types of reverse mortgage loans are offered by some states and private lenders. This Reverse Mortgage Self Evaluation is based on the features and requirements of HECM reverse mortgages, but may be helpful to consumers considering other types of reverse mortgage loans.

Reverse mortgages are a versatile financial tool that nearly a million homeowners have used to age-in-place, and for other reasons. However, like any financial product, reverse mortgages should be considered carefully before deciding whether to obtain one.

You should ask yourself the following questions before proceeding with your loan application:

1. *How do you intend to use your reverse mortgage loan proceeds?*
2. *Do you fully understand your obligations as a borrower under a reverse mortgage?*
3. *If you are married, will your spouse be a co-borrower on your loan?*
4. *How will your reverse mortgage loan be repaid?*
5. *Do you receive assistance under any government programs that are based on your current income?*
6. *How long do you, and your spouse, plan to remain in the home?*
7. *Have you considered other strategies to supplement your retirement income?*

1. HOW DO YOU INTEND TO USE YOUR REVERSE MORTGAGE LOAN PROCEEDS?

One of the advantages of a reverse mortgage loan is that borrowers generally have the freedom to use their cash proceeds any way they choose. Eligible homeowners obtain reverse mortgages for many reasons including:

- Repairing or modifying the home to meet the physical needs of getting older
- Supplementing retirement income to meet expenses
- Managing the costs of in-home care
- Paying off an existing mortgage
- Paying bills
- Paying property taxes
- Delaying Social Security
- Providing a source of funds for living expenses in lieu of liquidating financial investments during times of market downturn or disruption
- Establishing a line of credit for use as a financial safety net
- Helping retirement savings last longer
- Purchasing a retirement home

Do you have a plan for making your reverse mortgage loan proceeds last?

Reverse mortgage loans are most successful when borrowers have a plan to ensure the money supports and sustains them for as long as they want to stay in their home. Additional consumer protections were put into place in 2013 to help borrowers preserve more of their home equity during the first year of the loan.

It is never recommended that reverse mortgage borrowers use their loan proceeds to speculate on real estate or securities, or to engage in risky investment schemes.

You should be aware that loan originators are not permitted to require or encourage you to purchase other financial products such as an annuity or long term care insurance as a condition for getting a reverse mortgage.

2. DO YOU FULLY UNDERSTAND YOUR OBLIGATIONS AS A BORROWER UNDER A REVERSE MORTGAGE LOAN?

Reverse mortgage borrowers are not required to make monthly loan payments to their lender, but must continue to meet certain obligations in order to stay current on the loan. Failure to meet these obligations may result in the loan becoming due and payable.

With a reverse mortgage, the home is the collateral on the loan which means that the lender has a vested interest in the safety and condition of the property, and that the property is free of superior liens. For that reason, reverse mortgage borrowers must: live in the property for the majority of the calendar year; maintain the condition of the home; stay current on all property taxes, insurance, and any condominium fees or homeowner's association fees; and comply with all other loan terms. Ask yourself:

Will you live in your home for the majority of the calendar year?

The mortgaged property must be the borrower's principal residence. Every year, borrowers must verify that they continue to occupy and live in the home by signing an occupancy certificate and mailing it to the loan servicer.

Are you prepared to maintain the condition of your property?

As part of the application process, the property will be inspected and appraised. Homeowners are responsible for regular upkeep of the property and are required to maintain the home's condition from the time the loan is made. Failure to maintain the home in a satisfactory condition can result in the loan becoming due and payable.

Will you be able to pay your property taxes, insurance, and homeowner fees?

Borrowers must pay all property taxes, homeowners and hazard insurance premiums, and any applicable condominium fees, planned unit development fees, homeowner's association fees, and any other special assessments that may be required by local or state law.

Do you understand what will happen if you cannot pay your taxes, insurance, or homeowner fees?

If the borrower fails to make a tax or insurance payment, the loan servicer may advance the payment from the available loan proceeds. But, if there are not enough proceeds available to cover the payments, the loan servicer may elect to advance its own funds to make the payments.

Once this happens, the loan will be considered to be in technical default and the loan servicer may call the loan due and payable or establish a repayment plan with the borrower. If the terms of the repayment plan cannot be met, the loan servicer will call the loan due and payable and could move to foreclose on the property.

Do you understand your personal finances will be reviewed?

To help determine if a reverse mortgage is a sustainable option for borrowers, a policy was put into effect in 2015 requiring lenders to conduct a financial assessment of every reverse mortgage applicant to ensure that the applicant possesses the ability and willingness to pay ongoing costs, such as property taxes, homeowner's insurance, and other financial obligations, over the expected life of the loan. Lenders examine, in part, the borrower's debt and sources of income, such as Social Security, pensions and investments.

If, based on the results of the financial assessment, there is an income shortfall or credit problems, the lender may set aside a certain amount of money from the loan's principal limit to pay for property taxes and insurance premiums over the course of the loan. The "set aside" reduces the amount of loan proceeds available to the borrower.

A borrower may also elect to set aside a certain amount of funds to pay for property taxes and insurance premiums over the course of the loan. Once a "set aside" is established, it cannot be canceled or changed.

3. IF YOU ARE MARRIED, WILL YOUR SPOUSE BE A CO-BORROWER ON YOUR LOAN?

Under the rules of a HECM reverse mortgage, borrowers must be at least 62 years old, named on the title of the home, and use the home as their principal residence. Spouses who do not meet these criteria cannot sign the HECM reverse mortgage loan documents as a borrower and will be identified as either an eligible non-borrowing spouse or an ineligible non-borrowing spouse depending on certain additional criteria. You should speak to your HUD-approved reverse mortgage counselor about the non-borrowing spouse criteria.

What if your co-borrower spouse survives you?

If both spouses are borrowers, the HECM reverse mortgage features apply equally to both spouses even in cases where one spouse survives the other.

What if your eligible non-borrowing spouse survives you?

When the borrower passes away, an eligible non-borrowing spouse who follows the requirements may be able to defer repayment of the loan and continue living in the home, but they will not be able to receive any remaining loan proceeds and they must continue to meet the obligations of the loan.

What if your ineligible non-borrowing spouse survives you?

An ineligible non-borrowing spouse would not be able to defer repayment of the reverse mortgage loan.

4. HOW WILL YOUR REVERSE MORTGAGE LOAN BE REPAID?

A reverse mortgage is a non-recourse loan which means that the borrower or the borrower's estate will never be obligated to pay the lender more than the loan balance or the current value of the home, whichever is less. When a loan is called due and payable, the reverse mortgage borrower or the borrower's estate only needs to repay the lesser of either the loan balance or 95% of the home's appraised value at that time.

Do you know your options for repaying the loan?

A reverse mortgage loan becomes due when the last surviving borrower or remaining eligible non-borrowing spouse passes away, permanently vacates, or sells the home; or if the homeowners fail to meet the loan obligations, which include paying property taxes and insurance, and keeping their home maintained. A borrower can repay the loan balance with proceeds from the sale of the home or by using personal funds to satisfy the debt.

If you pass away, or permanently leave the home, do you know how your heirs or estate will repay the loan?

After the last surviving borrower or remaining eligible non-borrowing spouse passes away, or permanently leaves the home, there are several different ways the loan can be repaid. The heirs or estate can:

- Sell the property and use the proceeds to pay the loan balance;
- Use personal funds or gifted money to repay the loan;
- Purchase the property for 95% of its appraised value;
- Provide the lender with clear and marketable title to the home through a "deed in lieu of foreclosure." If the borrower's heirs or estate do not want to take responsibility for selling the property, or purchasing it, the person authorized to act on behalf of the borrower's estate can provide a "deed in lieu of foreclosure" to the loan servicer and avoid an actual foreclosure.

Do you want someone to inherit your home after you pass away?

Reverse mortgage loans are not assumable and heirs cannot take possession of the home until the debt is satisfied either by repaying the loan with personal funds, funds from the estate, or by obtaining separate mortgage financing, if they qualify for such financing at that time.

Did you know that you can prepay your reverse mortgage loan?

A borrower may prepay all or part of the outstanding loan balance at any time without penalty.

5. DO YOU RECEIVE ASSISTANCE UNDER ANY GOVERNMENT PROGRAMS THAT ARE BASED ON YOUR CURRENT INCOME?

A reverse mortgage does not affect regular Social Security or Medicare benefits. However, if you are on Medicaid or receive Supplemental Security Income (SSI), reverse mortgage proceeds may affect your benefits.

Although reverse mortgage loan advances are not considered income, they may affect eligibility for some means-tested benefits, which are public assistance benefits that are only available to people who qualify based on their income and assets. Loan advances that are retained in a borrower's bank account may be counted as assets, also referred to as "liquid resources" or "reserve." You should consult with a qualified financial advisor to learn how a reverse mortgage could impact eligibility of some government benefits.

Are you considering a lump sum cash draw?

Getting a lump sum cash draw from a reverse mortgage, unless it is immediately spent, could impact a borrower's eligibility for Medicaid and Supplemental Security Income. Funds that you retain could count as an asset and could impact eligibility. You should contact a qualified financial advisor or the local Area Agency on Aging or a Medicaid expert to learn more.

6. HOW LONG DO YOU, AND YOUR SPOUSE, PLAN TO REMAIN IN THE HOME?

Reverse mortgages, like many financial products, have costs associated with them, including some that need to be paid up-front when the reverse mortgage is obtained. Among other things, that means that if you or your spouse are not likely to continue to live in your home for more than several years after the reverse mortgage is obtained, you should pay particular attention to those costs and consider them carefully with your HUD-approved reverse mortgage counselor and whether there may be other more cost effective alternative strategies.

7. HAVE YOU CONSIDERED OTHER STRATEGIES TO SUPPLEMENT YOUR RETIREMENT INCOME?

Do you qualify for public or private benefits available to low-income people with Medicare?

During reverse mortgage counseling, borrowers will find out if they might be eligible for grant money or other financial assistance by utilizing BenefitsCheckup, a tool for identifying services, such as housing assistance, tax deferral programs, home repair grants or loans, food stamps, fuel assistance, social services or healthcare.

Did you know there are other ways to tap your home equity?

There are several ways homeowners aged 62 and older can tap into their home's value during retirement, including by: renting out a room in the house or home sharing, refinancing an existing mortgage, taking out a home equity loan or home equity line of credit, selling the home, selling the home privately and leasing back the property for an extended period of time, and others. Each of these options has its own benefits and drawbacks that should be carefully considered before making a decision.

YOUR NEXT STEPS / COUNSELING

This checklist was created to help you consider whether a reverse mortgage is right for you. Your HUD-approved reverse mortgage counselor can help you to answer additional questions you may have about the loan. You can also find more information about reverse mortgages loans and the loan process on www.reversemortgage.org, a consumer website created by the National Reverse Mortgage Lenders Association (NRMLA).

NRMLA®
National Reverse Mortgage Lenders Association

www.reversemortgage.org

Electronic Disclosure and Consent Agreement

Borrower:	Mark Schmidt	Broker:	Remarkable LLC
Property Address:	, Aurora, CO, Arapahoe 80015	Broker Lic.#:	NMLS 1791529 CO: 1791529
Loan Number:	10229518	Loan Officer:	Mark Allen Schmidt
Prepared:	4/23/2024	Loan Officer Lic.#:	NMLS 846014 CO: 846014

You may choose to receive documents electronically instead of in paper form by affirmatively consenting to this Electronic Disclosure and Electronic Signature Consent Agreement ("Agreement"). This Agreement applies to all documents and/or notices we provide to you in electronic form and includes disclosures, contracts, forms, documents, records, notices, and any other information associated with and/or relating to your application and the lending transaction associated with your loan ("Disclosures").

1. **Definitions.** "You" and "Your" refer to the consumer who submits or who is submitting a credit application. "We", "us" and "our" refer to Remarkable LLC, including its affiliates and assigns, who receive or is receiving the credit application.
2. **Access and System Requirements.** To view and access the Disclosures, you must have access to a computer or other device that has the following hardware and software minimum requirements:
    a. An operating system capable of accessing the internet and downloading HTML, ASPX and/or PDF files, e.g., Microsoft Windows or Mac OS X;
    b. Not less than one version previous to the current available version for your preferred web browser (must support 128-bit encryption), e.g., Microsoft Internet Explorer 8.0 or higher
    c. An active email account;
    d. Adobe Acrobat Reader 6.0 or higher (free download at www.adobe.com);
    e. Computer or device storage to retain the Disclosures electronically or a printer to retain paper copies.
3. **Active Email Account**. You are required to maintain an active email account. Please notify us if your email address changes.
4. **Paper Copies.** We recommend that you print each electronic record for your files; however, at your request, we will provide you with a paper copy of any electronic record at no cost.
5. **Electronic Signatures on Documents.** You agree to the use of electronic signatures on the Disclosures and understand that your electronic signature on the disclosures has the same effect as if you signed them in ink.
6. **Withdrawing Consent.** You have the right to withdraw consent and to require that we provide your Disclosures in paper form. To do this, access this page again by clicking on the link in the email you received, click on the "Electronic Consent" link at the top of the page,

scroll down to the bottom, and click the "Withdraw Consent" link. After such withdrawal, we will continue processing your loan in a non-electronic manner at no additional charge to you. If you decide to withdraw consent, disclosures previously provided to you and any electronic signatures you previously made shall remain valid, enforceable, and sufficient for their intended purpose and are unaffected by the subsequent withdrawal of your consent. Further, in the event you decide to withdraw your consent, you may not have the option to later receive your Disclosures electronically. Please note that by withdrawing consent, you may delay the transaction and you may have to communicate with us by telephone, mail, or in-person.

7. **Reservation of Rights.** We reserve the right, in our sole discretion, to discontinue providing disclosures electronically and send paper Disclosures at no cost to you.
8. **Indemnification.** You agree to indemnify and hold harmless Remarkable LLC and/or its subsidiaries, principals, agents, employees, or assigns against all claims, demands, proceedings, suits and actions and all liabilities, losses, expenses and costs, including attorneys' fees and expenses, resulting from your failure to comply with the terms of this Agreement, including, without limitation, your failure to keep Remarkable LLC and/or its subsidiaries or assigns informed of your correct email address, or resulting from your negligent use of the electronic disclosure and e-signature process.
9. **Verification.** By signing this document, you consent to receive certain notices and Disclosures in connection with your mortgage loan application and any other documents or notices that we may provide to you in electronic form and acknowledge the following:
    a. You have read this Agreement and you understand and agree with its terms and conditions;
    b. You confirm that your hardware and software meets the access and system requirements above and affirmatively acknowledge that you have the ability to access, download, and print electronic records;
    c. You confirm that you have provided your current email address and will continue to provide a current email address where you may receive disclosures electronically; and
    d. You agree to the use of electronic signatures on the disclosures as indicated above.

Mark Schmidt Date