



## The Facts

A reverse mortgage (HECM) is a financial tool that allows homeowners, ages 62 and older\*, to convert part of their home equity into cash payments and/or a line of credit. Since there are no restrictions as to how the proceeds can be used, many reverse mortgage borrowers use the HECM to purchase a new home, to pay medical bills or to travel.

## Eligibility Requirements:

- Be 62 years or older\*
- Must be living in home as primary residence; vacation homes and investment properties do not qualify
- Complete a HUD-approved counseling session
- Must keep property taxes, homeowners insurance, and any applicable HOA fees current.
- Financial Assessment Required

\*In Texas both borrowers must be 62 or older

## About us

For over 15 years, Open Mortgage LLC, has been committed to delivering a seamless mortgage experience to our clients. We are proud to handle every loan with professionalism, integrity and dedication. Every home buying situation is unique, contact us to discuss your options and decide what program works best for you.

*We're committed to providing exceptional service.*

### Joshua Orlan

*Branch Manager*

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# Understanding The Reverse Mortgage

How To Use Your Home Equity To  
Supplement Your Retirement Income



**open**  
MORTGAGE



# Enjoy Your Retirement On Your Terms.

Get answers to common questions and find out if a reverse mortgage is the right choice for you.



## IT SOUNDS TOO GOOD TO BE TRUE, HOW DOES THIS WORK?

There are many misconceptions about reverse mortgages, so it is important to know the facts. A reverse mortgage, or HECM (Home Equity Conversion Mortgage) is a federally insured loan that allows you to tap into the equity you have built up in your home.\*

## WILL THE BANK OWN MY HOME?

The bank does not take ownership of your home, they simply extend a loan to you. You continue to own and live in your home and are responsible for payment of property taxes, required insurance and any applicable HOA fees.\*\*

## DO MY CHILDREN/FAMILY MEMBERS LOSE THEIR INHERITANCE?

No. A borrower may designate an heir of their choosing. The heir(s) will inherit the home after the last surviving borrower passes away and may then choose to keep (by paying off the amount of reverse mortgage balance) or sell the home. Should they choose to sell, any remaining equity after paying off the loan (minus interest and/or fees) would be theirs.\*\*\*

## IF I HAVE AN EXISTING MORTGAGE, CAN I GET A REVERSE MORTGAGE?

Yes. Many borrowers use a reverse mortgage to pay off their existing mortgage and eliminate their monthly mortgage payment. In many cases, there is a line of credit left over for the borrower. Must keep homeowners taxes, insurance and any applicable HOA fees current.

## WILL A REVERSE MORTGAGE AFFECT MY SOCIAL SECURITY OR MEDICARE BENEFITS?

You should always check with your tax specialist before applying, however, in general, a reverse mortgage does not affect Social Security and/or Medicare.

## HOW MUCH DO I QUALIFY FOR?

The amount you can borrow is dependent on several factors including: age, home appraisal value and current interest rates.

## DO I NEED TO BE SUFFERING A FINANCIAL HARDSHIP TO QUALIFY?

No. It is another common misconception that reverse mortgages are only available to those who are struggling financially. In fact, many affluent borrowers who work with financial planners are using this as a tool to better their quality of life during retirement.

## ARE THERE ANY RESTRICTIONS ON HOW I CAN SPEND MY LOAN PROCEEDS?

There are no restrictions once any existing mortgages or liens are paid off. Many reverse mortgage borrowers use their cash payments to pay medical bills, travel or simply supplement their retirement income.

## WHAT PAPERWORK WILL I NEED TO HAVE READY?

Your Open Mortgage loan officer will walk you through each step, however you should have the below documents available when you begin your application:

- Proof of Social Security number
- Proof of income
- Proof of age  
(driver's license, birth certificate, etc.)
- Photo ID  
(driver's license, passport or state-issued ID)
- Required homeowners insurance policy(ies)
- Copy of mortgage statement (if applicable)

\*Open Mortgage LLC is not acting on behalf of the direction of the federal government.

\*\*Must comply with the terms of the mortgage.

\*\*\*Some Restrictions may apply.