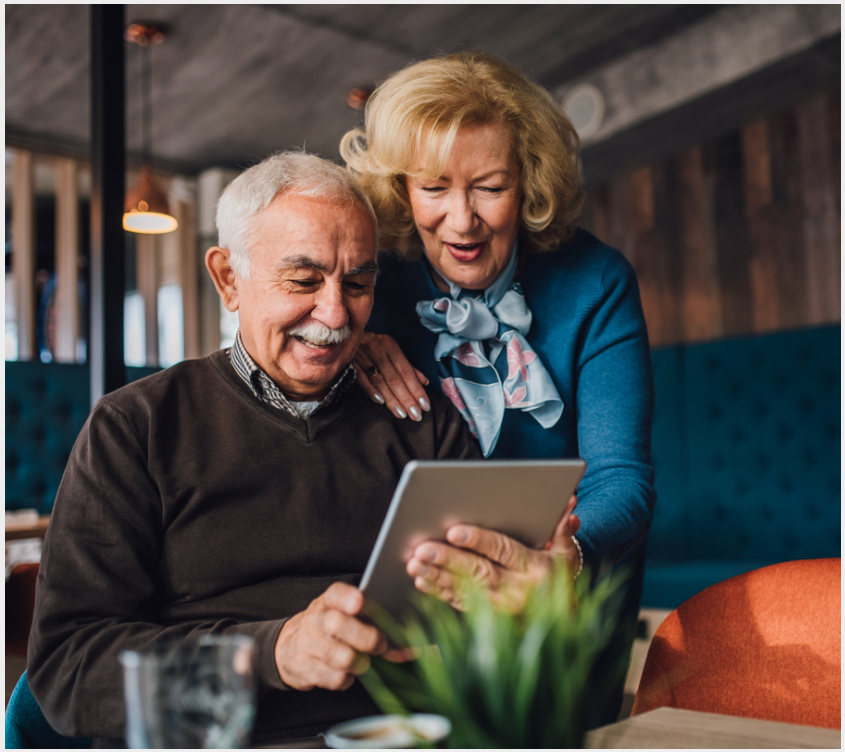
CITIZENS
FINANCIAL

Reverse Mortgage



Program Summary

A reverse mortgage is a powerful financial tool that can help seniors unlock home equity and supplement their retirement income. Reverse mortgage loans let qualified homeowners ages 55 and older take cash from their homes equity while still living in the house. The lender pays the homeowner in a monthly payment, in a lump sum, as a line of credit, or a combination of the three.

Reverse Mortgage Eligibility

Reverse mortgages require borrowers to meet a specific set of requirements. To be eligible, you must:

- Meet with a reverse mortgage counselor who's approved through HUD before you apply to discuss what a reverse mortgage is, how it works and the fees associated with it.
- Be able to show you can pay your property taxes, condo association fees, and home insurance, as well as keep up with maintenance and repairs.
- Make timely payments on property taxes and flood and hazard insurance.

Who Qualifies for a Reverse Mortgage?

Reverse mortgages are specifically designed for older borrowers. This option is generally only available to people 55 and older who meet the following basic criteria:

- You must be listed on your home's title as the owner.
- Your income and credit clear a financial evaluation.
- Your home is your primary residence for the life of the reverse mortgage.

Pros of a Reverse Mortgage

- You are still the owner of the house and retain the title. You can continue to live in your home as long as you meet all of the loan obligations, including living in the property as the principal residence, maintaining the home, and paying property charges, including property taxes, fees, and hazard insurance. The loan will need to be repaid if you do not meet these loan obligations.
- A fixed-rate reverse mortgage keeps the same rate for the entire loan term, so you are protected if market rates rise.
- With a HECM, with very few exceptions, you can use the money as you see fit.

Pros of a Reverse Mortgage Continued

- You do not make any monthly mortgage. The only mortgage payment you make is due in full when you sell your home, pass away or otherwise fail to meet all loan obligations. However, you must continue to pay taxes and insurance on the property and maintain the property.
- A reverse mortgage is what's known as a non-recourse loan. Upon sale of the property, neither your nor your heirs are personally liable for any amount of the mortgage above the value of your home. If you sell your home at the appraised fair market value, and that amount is less than what you owe, your mortgage insurance will pay the remaining balance of your loan.

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Contact Us

www.citizensfinancial.co | NMLS #1401042

707.800.6047 | info@citizensfinancial.co

Vacaville | Fairfield | Long Beach | Upland