



## **Reverse Mortgage Loans from PENNSYLVANIA HOME LENDING COLLABORATIVE, INC.**

As your financial needs change and grow in later years, the typical sources of retirement income – savings, pensions, 401Ks, Social Security, etc. – may no longer be enough to maintain your lifestyle. That’s why more older Americans (62 years and above) are adding a valuable financial solution to their retirement portfolio called a “Reverse Mortgage” or Home Equity Conversion Mortgage (HECM). It enables them to supplement their income while they continue to live at their current address. A HECM may be a perfect option for you.

### **Tap Into Your Equity**

A Reverse Mortgage enables you to tap the equity in your home and supplement your income while you continue to live at your current address. A HECM may be a perfect option for you.

### **Consider Your Options**

You shouldn’t commit to any loan until you consider all your options and fully understand how it works. That is where Pennsylvania Home Lending Collaborative, Inc. comes in. We’re not only educators but also licensed mortgage bankers. We’ll provide you with the necessary resources to make an informed decision on whether a HECM is the right financial product for you. We’ll highlight the positives as well as any potential negative aspects of the reverse mortgage product and provide you with answers to our most frequently asked questions.

### **How it Works**

Over the years, you’ve paid down your mortgage and built up equity (the amount your property is worth minus what you still owe plus any other loans you may have taken against your home). A reverse mortgage (HECM) allows you to borrow against your equity and increase cash on hand immediately. You can take payments in a variety of ways, use the money for whatever you choose and it’s always tax-free. The loan balance grows over time, but you don’t have to pay it back while you or an eligible spouse live in your home.

**Call Today: 610-372-8433**

Pennsylvania Home Lending Collaborative, Inc. NMLS #1668524  
213 N 5<sup>th</sup> Street, Suite 1030  
Reading, PA 19601

## Why Pennsylvania Home Lending Collaborative, Inc.?



We only want what works best for you. The PENNSYLVANIA HOME LENDING COLLABORATIVE, INC. team provides a suite of tools to provide a snapshot of your personal finances and extensive information to help you understand how a HECM can benefit you. No double talk. No surprises. No pressure. Just good, solid information and professional advice. Our mission is to put you in a position of STRENGTH when making this important decision in retirement planning and help ensure your financial future.

### A Breath of Fresh Air in Mortgages

#### **INHALE**

Learn About Reverse Mortgages

Receive Expert Consultation

Consider Your Options

#### **EXHALE**

Submit Your Application

Close on Your Mortgage

Receive Your Payout

#### **ENJOY**

Continue Living in Your Home

No Monthly Payments

Enjoy Financial Freedom!

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## How It Works

Pennsylvania Home Lending Collaborative, Inc. is a breath of fresh air in reverse mortgages. We are a team of mortgage bankers who have successfully helped thousands of individuals with their funding needs. We understand the struggles of increasing expenses later in life, especially when unforeseen issues arise. We pride ourselves on providing exceptional service and believe in educating our clients, so they can make the best decisions for their needs.

### How Does A Reverse Mortgage Work?

It's relatively simple but you should be clear on all the details. Basically, a reverse mortgage (HECM) enables you to tap the equity in your home – one of your most valuable financial resources – while you continue living in it without having to be required to make monthly mortgage payments.

### Borrow Against Your Equity

After years of paying down your mortgage, you have built up equity (the value of your home minus anything you still owe on it plus any outstanding debt against it – i.e., a previous home equity or improvement loan you may have taken). With a reverse mortgage, you borrow against that equity without having to be required to make monthly mortgage payments.

### A Closer Look

The loan amount is based on your age (must be 62 or older), your home's appraised value minus outstanding debt, and current market interest rates. The loan balance continues to grow over time, but you don't have to pay back anything while you or an eligible spouse lives in the home. You are responsible, however, for continuing to pay property taxes, home insurance and maintenance to the home.

### Convenient Payout Options

You can take your HECM payout in cash in one lump sum or monthly increments, or convert the equity into a line of credit. Whichever you choose, you can use the money for anything you want, from daily living expenses to healthcare costs.

### The Final Payoff

When the last borrower or eligible non-borrowing spouse leaves the home (or doesn't comply with loan terms) the loan balance, including any fees and interest, becomes due. Most people sell their homes at this point to pay off the loan. But you and/or your heirs will never have to pay back more than your home is worth.



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## FAQs

### **What is a reverse mortgage?**

Most reverse mortgages today are called Home Equity Conversion Mortgages (HECMs). They are a special federally insured home equity loan that enables older homeowners to access their home equity while they continue to live in their home.

### **How does a reverse mortgage work?**

You borrow against the equity you have in your home. The loan balance grows over time as you convert equity into cash. You don't have to pay back the loan while you or an eligible spouse live in the home, but you still must pay taxes, insurance and to maintain the home.

### **How much can I qualify for?**

The loan amount is based on your age, your home's appraised value (minus any outstanding debt against it), and current market interest rates.

### **Can I afford to pay my living expenses, property taxes and insurance?**

You can use your proceeds from your reverse mortgage for anything you want, including paying daily living expenses, property taxes, insurance, maintenance on your home and whatever else you choose. The money is yours and can bridge a gap in your budget or fund it outright.

### **What happens if I leave my home before receiving my full reverse mortgage payment?**

You are only responsible for the amount of equity you convert into cash. Any part of the loan that has not been disbursed remains as equity in the home and is yours or becomes part of the estate. When the reverse mortgage balance becomes due, you or your heirs are given a reasonable amount of time to sell your home.

### **What happens to the family home with a reverse mortgage?**

Upon the death of the borrower and any eligible spouse, or in the event they move out of home, the loan amount must be paid in full. Most people need to sell their home to do this. If the amount to pay off the loan is less than the home is worth, the remaining funds revert to the borrower or his/her estate. Borrowers may leave their home to loved ones if they desire, and heirs may still choose to sell it, or keep it after repaying the loan. There are a variety of ways they can do this.

### **How do I repay the loan and how much will I owe?**

You are not required to make mortgage payments during the life of your reverse mortgage. Only when both you and any eligible spouse have passed away or moved out of the home, must the loan be paid off. At this point, your home will probably need to be sold to pay off the outstanding balance that has been accumulated. But neither you nor your heirs will ever have to pay back more than your home is worth.

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## What is my next step in determining if a reverse mortgage is right for me?

Talk to a licensed housing counselor like Pennsylvania Home Lending Collaborative, Inc. who knows reverse mortgages inside and out, and truly wants only what's best for you. We're not only educators, we are also licensed mortgage bankers. Which means we only have a vested interest in you. We'll take the time and make the effort to explain everything in plain, straightforward English, especially the fine print:

We'll help you and your spouse evaluate your financial needs and goals.

- Discuss why you're considering a reverse mortgage.
- Explore alternatives you may not have considered.
- Answer any subsequent questions you may have.
- And ultimately, help you arrive at a decision that you feel totally confident and good about.



## For Many Seniors, a Reverse Mortgage Loan Can be a Real “Lifestyle” Saver

Lack of sufficient funds can quickly take the glow off your golden years. In a perfect world, everyone should have enough money to live out their lives with the style, freedom and dignity they were accustomed to while working.

That isn't the reality, however, for most Americans today. According to the Economic Policy Institute, working-age couples, on average, have saved only around \$5,000 for their retirement. Even more alarming, nearly half of families in the U.S. have no retirement savings at all.

But there is hope – a great solution for those fortunate enough to have equity in their homes – the Federal Housing Administration's reverse mortgage loan program. It can help with immediate cash-flow problems when senior homeowners stop working and be a real “lifestyle” saver.

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A reverse mortgage loan, also known as a home equity conversion mortgage (HECM), is a type of home equity loan specifically designed for people 62 years of age or older. In short, it enables them to withdraw some of the equity in their home while they continue to live in their residence. That's a huge advantage!

Here's another: a reverse mortgage doesn't require any monthly mortgage payments while you are living in your home. Borrowers do, however, have to pay their homeowners insurance, taxes and maintenance on their home. But you can use the money from your reverse mortgage for these purposes, or virtually anything else you desire, from daily living expenses to healthcare.

**Borrowers can choose to receive their money in one lump sum**, as a line of credit, or as monthly payments. The loan is simply repaid after the borrower dies or moves out of their home.

In the past, reverse mortgages were often criticized and thought of as a "last resort", due sometimes, to the high costs associated with them. But increased government and financial regulation in the last few years has made them a much more viable option for an increasing number of older homeowners.

A reverse mortgage may not be for everybody, but it could be the perfect solution for you. Consider all your options and really get an education on the pros and cons of such a loan. The National Council on Aging's booklet, "Use Your Home to Stay at Home", is a valuable resource. Reading it is a great first step before you talk to a reverse mortgage counselor about your personal financial situation."

Nowadays, people are easily living more than 20 years in retirement, and a reverse mortgage is becoming more of an income planning tool for some and a lifeline for others. Since there is no mortgage payment required for the reverse mortgage loan, the money borrowed can be used to pay down debt, eliminate other recurring payments and enhance the lifestyle of the borrower.

It also gives people who aren't struggling but can't afford to fund their retirement "bucket-list" extra cash to travel or pursue activities they had always wanted to do when they retired.

Here's something else to consider: **if you have not paid off your mortgage, a reverse mortgage loan can help you eliminate what is typically your largest bill – the monthly mortgage payment.** It can also help relieve the financial burden of those (heirs for example) who are helping cash-strapped seniors get by. They no longer have to worry about their parents meeting monthly obligations.

Education is the key and next step in deciding if a reverse mortgage is right for you. In fact, with reverse mortgages, borrowers are required to undergo counseling with an independent third-party HECM counselor who will discuss all the features of a reverse mortgage loan as well as the borrower's responsibilities.

During such counseling, borrower/co-borrowers or a non-borrowing spouse will learn about the different loan product options available to them and the costs associated with each, discuss their household budget and expenses, and explore alternatives to a reverse mortgage.

According to PENNSYLVANIA HOME LENDING COLLABORATIVE, INC., the reverse mortgage may be the most misunderstood loan program out there. That's why getting all the facts and your questions answered are so important to your future financial health and well-being. "Consider everything before you commit to any loan," concludes Mary McVeigh. "Talking to a reverse mortgage counselor could turn out to be one of the best decisions you've ever made."

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