

# UNIVEST

## MORTGAGE BANKING



### Reverse Mortgage

Your home is more than a house, it's full of memories. Now with a reverse mortgage you may not need to leave those memories behind just because you're getting older. Stay in your home, make renovations, pay the bills with the equity you've built in your home without credit score or income requirements. Added financial security without the monthly payments can help you live your retirement years in the comfort of your own home.

#### *Qualifications:*

- Age: Homeowners must be 62 or better.
- Ownership: You must own and currently live in your home. Eligibility for a reverse mortgage is still possible even if you have an existing mortgage balance. You can use the reverse mortgage to pay the remaining balance or other bills.
- Property: It must be your primary residence and considered either a single family home, 1 - 4 unit home where 1 unit is occupied by the borrower, condominium, modular home, manufactured home or planned unit development. Reverse mortgages are not offered for mobile homes.
- Property Value: Maximum is the national lending limit of \$625,000.

#### *Payment/Installment Options:*

- Regular monthly installments
- Single lump sum
- Draw from a line at your discretion
- Any combination of the above options

#### *Use of Reverse Mortgage Payments:*

- Pay off your existing mortgage balance
- Afford health care
- Make home renovations
- Prepare for the unexpected

To learn more about a reverse mortgage and how you can apply, please contact Mary Spencer, Reverse Mortgage Specialist, at 267.994.7638 or [spencerm@univest.net](mailto:spencerm@univest.net).



# UNIVEST

## MORTGAGE BANKING



### Reverse Mortgage: Frequently Asked Questions

**Q: *What is a reverse mortgage?***

A reverse mortgage is a loan against your home that you do not have to pay back for as long as you live in your home. The benefits available can be paid to you all at once, monthly or at times and in amounts that you choose.

**Q: *Who is eligible for a reverse mortgage from Univest?***

Homeowner(s) must be at least 62, the property is your primary residence and you intend to occupy the property.

**Q: *Does my credit score or income influence my eligibility?***

No. Because there is no repayment required as long as you live in the house.

**Q: *How much of my home's equity can I access?***

This depends on the age of the youngest borrower, the appraised value of your home and the expected interest rate.

**Q: *What are the costs associated with a reverse mortgage?***

An origination fee, FHA mortgage insurance fee and other closing costs, with the exception of the appraisal cost, required by the lender and title company are typically financed through the reverse mortgage.

**Q: *Can I borrow more than my home is worth?***

No. The reverse mortgage is a non-recourse loan, which means repayment will not exceed the appraised market value of your home at the time the home sells. If the loan balance is higher than the value of your home, you or your estate will only be obligated to repay an amount equal to the appraised value of your home.\*

**Q: *Is it possible to get a reverse mortgage if there is already an existing mortgage on the home?***

Yes, in most cases. All liens of record such as a mortgage or home equity loan **MUST** be paid off using the benefits available through the reverse mortgage. The end result is you no longer have a monthly repayment to your current lender as the loan is paid in full and your balance resides within your reverse mortgage balance.

**Q: *Does a home in a "living trust" qualify for a reverse mortgage?***

Yes, in most cases. However, you would need to provide a copy of the Trust or a Certification of Trust for review by the lender and title company.

**Q: *How can I use the benefits I receive?***

Each person's situation is different and therefore, uses of benefits vary. Some borrowers pay off their regular mortgage and home equity loan, supplement monthly payments, make home improvements, obtain in-home health care, pay credit card debt, pay annual tax bills, purchase a certified used car and/or pay assisted living costs for a spouse.

**Q: *Does the lender take the title of the home?***

No. A reverse mortgage is a lien against your property just like a forward mortgage or home equity loan. The title remains in your name.



# UNIVEST

## MORTGAGE BANKING



**Q: Is there any tax liability for the reverse mortgage proceeds?**

No. The funds requested by you through a reverse mortgage are considered loan advances and not taxable income.\*

**Q: Can the interest charged on a loan principal be deducted for tax purposes?**

The interest that accrues on your loan is deductible when the loan is repaid.\* Repayment occurs when the last borrower permanently leaves the property and the house is sold or the title is transferred.

**Q: Do reverse mortgage proceeds affect Social Security, Medicare, Medicaid or pension benefits?**

No. As long as the monthly cash advances or withdrawals from the line of credit are fully spent and not accumulating.

**Q: Will a reverse mortgage affect the future sale of the home?**

No. It is no different than a purchase or refinance mortgage.

**Q: What is the amount owed when repayment is due?**

You will repay the money you actually used during the course of the loan plus interest that accumulated and service fees.

**Q: When does the loan need to be repaid?**

Loan repayment occurs when the home is sold and/or when the title is transferred, or the property is no longer your primary residence. If there is more than one borrower, repayment occurs when the last borrower leaves the home.

**Q: If there are no monthly mortgage payments, am I responsible for any other expenses related to the home?**

Yes. Taxes, insurance premiums and home maintenance costs. Lenders will pursue restitution for delinquent payments.

**Q: If I decided to pay back the loan early, will I incur any penalties?**

No. There is no prepayment penalty for repayment of the loan, in part or in full.

**Q: Will my heirs have to sell the property to repay the loan?**

No. The loan can be repaid by refinancing the existing reverse mortgage with a forward mortgage program.

**Q: Can I use a reverse mortgage product to purchase a home?**

Yes, there is a new program available that allows homeowners to purchase a home using the reverse mortgage product.

**Q: Who will help me through this process?**

A Univest Reverse Mortgage Specialist can walk you through the process. And, since a reverse mortgage is not for everyone, meeting with a counselor, a non-interested third party, approved by HUD (FHA) is a critical requirement.

**Q: Can the bank take my home?**

Not unless your loan defaults, which occurs if you fail to pay real estate taxes, homeowners insurance or association fees, or if you fail to pay off your loan once you sell the property, transfer the title or move out of the home permanently.

To learn more about a reverse mortgage and how you can apply, please contact Mary Spencer, Reverse Mortgage Specialist, at 267.994.7638 or [spencerm@univest.net](mailto:spencerm@univest.net).



\*Please consult your tax advisor. Capital gains upon the sale of your home may create tax liabilities which are not associated with this program.

\*\*Programs vary by state, please consult your financial advisor or county senior service agency.

# UNIVEST

## MORTGAGE BANKING



### Reverse Mortgage: Counseling

We want to make sure you get what you want and most importantly what you need. To help determine whether a reverse mortgage is the appropriate next step for you, Univest supports the HUD requirement and suggest counseling. Following these three simple steps can determine if a reverse mortgage is the right option for you.

#### 1. Scheduling

To schedule a counseling session, contact any HUD approved agency in which you will need to provide your name and phone number. A counselor will be in contact with you to schedule an appointment which may be conducted in person or over the phone. All persons who are listed on the title of the home must attend the counseling session.

#### 2. Counseling

On average, a session can last up to an hour and consist of the counselor reviewing pertinent facts about reverse mortgages. You may bring anyone to the session as well as any materials you might have acquired through your reverse mortgage consultant. The counseling session is a valuable resource because it allows you to raise any questions or concerns you might have. There is a fee for the counseling session.

#### 3. Follow-up

A certificate of completion will be issued once you have finished counseling. Your reverse mortgage consultant will contact you for approval to continue with the application process. If you decide a reverse mortgage is not the solution for you, you may withdraw your application request at no charge.

To learn more about a reverse mortgage and how you can apply, please contact Mary Spencer, Reverse Mortgage Specialist, at 267.994.7638 or [spencerm@univest.net](mailto:spencerm@univest.net).

