A FAMILY GUIDE

REVERSE MORTGAGE
LOAN INFORMATION
FOR CHILDREN AND
CAREGIVERS

American Advisors Group
Bringing Stability to Your Retirement
What is a HECM reverse mortgage?

A HECM is a government-insured loan for homeowners age 62 and older, with no monthly loan payments for as long as the borrower lives in the home, continues to pay property taxes and homeowner's insurance, maintains their home, and otherwise complies with the loan terms.

Aging in place

Aging in place helps enhance a senior’s quality of life by empowering them to:

- Continue living in their comfortable and familiar environment and preserve their community connections
- Feel independent, while remaining close to family and friends
- Reside in a home that may have emotional value for them and/or their children

“The senior care challenge

Caring for an aging loved one can be challenging at times. As an adult child and caregiver, some of the difficulties you may encounter daily include having less time for other family members and yourself, balancing work and caregiving, managing physical and mental stress and dealing with mounting financial obligations that can be associated with senior care.

Luckily, Home Equity Conversion Mortgage (HECM) loans, also known as reverse mortgages, are available to help older Americans access the wealth in their homes. This powerful retirement funding tool taps into the home equity to help pay for the care they may need, and enables them to continue living in their homes without monthly mortgage payments as long as they continue to pay for property taxes and homeowners insurance, maintain their home, and comply with the loan terms.

As the nation’s leader in reverse mortgages, American Advisors Group (AAG) is dedicated to informing older homeowners, their adult children, and caregivers about how a reverse mortgage loan can enhance life during retirement and help seniors age in place.

Tom Selleck
Actor and AAG Paid Spokesperson

“The Joint Commission: “Home - The Best Place for Health Care” 2011
A solution for senior care

For homeowners 62 or older, a reverse mortgage loan can be used to help pay for senior care, giving loved ones the opportunity to live safely and comfortably in their homes.

A reverse mortgage can:

✓ Pay for in-home care services, reducing the need for expensive nursing homes and offering improved quality of care

✓ Help fund in-home care, ranging from light household chores to 24-hour nursing care, which can be ramped up gradually or quickly as needed

✓ Allow access to a standby HECM Reverse Mortgage growing line of credit – which can be set up in advance, before care is needed – ready to help pay for unplanned expenses

✓ Eliminate monthly mortgage payments for as long as your loved one lives in his/her home and otherwise complies with the loan terms

✓ Provide tax-free loan proceeds (While loan proceeds are not taxable income, property taxes must be paid. Please consult your tax advisor.)

How can your loved one qualify?

Qualification is simple and easy, and is based on the important factors below:

✓ The borrower on title must be 62 years or older (a non-borrowing spouse may be under age 62)

✓ The home must be the borrower’s primary residence

✓ The borrower must own the home and meet the financial requirements of the HECM program

Flexible loan disbursement options:

“A Lump Sum Payout
Pay off large expenses

Monthly Payments
For a set period of time or for as long as they live in the home and comply with loan terms*

A HECM Growing Line of Credit
Access to “standby” funds when they need them

“How could anybody turn it [reverse mortgage] down? Every step was explained in simple English—including the fine print. If I had to do it again, I’d do it again.” Janis B., CA
3 common questions

What happens to the family home?

Borrowers may leave the home to loved ones as they wish, and heirs may still choose to sell or keep it after repaying the loan. There are various methods that borrowers or heirs can use to repay the loan when it is due.

How do we repay the loan and how much will we owe?

The loan is repaid once the last borrower or eligible non-borrowing spouse has left the home or the loan terms are not complied with. If the home is sold, the loan (including interest and fees) is repaid, and any remaining equity goes to the borrower or the borrower’s estate.

What happens if our parents leave their home before receiving their full reverse mortgage loan?

If your loved one leaves the home, any part of the loan that hasn’t yet been disbursed remains as equity in the home and becomes part of the estate. The reverse mortgage loan becomes due and the heirs are given a reasonable time to sell the home. They also may keep the home by paying off the reverse mortgage or refinancing. Otherwise, the home is sold with proceeds first paying off the reverse mortgage loan, and the remaining balance going to the estate.

How does it work?

A HECM reverse mortgage loan allows your loved ones to access their home equity and turn it into cash, a line of credit or a combination of the two.

The loan amount they qualify for is based on the age of the youngest borrower or eligible non-borrowing spouse, the lesser of the home’s appraised value or FHA’s HECM lending limit, and current market interest rates. With a reverse mortgage loan, there are no monthly mortgage payments required, but the borrower is responsible for paying property taxes, maintenance and home insurance. When the last borrower or eligible non-borrowing spouse leaves the home (or does not comply with the loan terms), the loan balance, including any fees and interest, becomes due.
American Advisors Group encourages loved ones to get involved and go through the loan process alongside family members, so that everyone understands how a reverse mortgage loan works. We realize that a reverse mortgage is a big financial decision and we suggest the following tips to help guide your family’s discussion:

**Living Choices**

Where are your parents going to live as they get older?
Do they want to stay at home or move to an assisted living facility? These questions can help your family to better understand your loved one’s future living preferences.

**Finances**

Have your parents calculated the costs involved in meeting their retirement goals?
Have they consulted with a financial advisor to find out how much money they will need for long-term care expenses? Can they afford to maintain their current lifestyle, and if not, can you afford to supplement their income? Knowing your parents’ financial situation can help plan for the future - resulting in greater peace of mind for everyone.

Have your parents planned financially for their potential healthcare as they age?

**Health**

Have your parents outlined their goals for a healthy retirement lifestyle?
Are their health screenings and medical checks up-to-date? Addressing health concerns is valuable as our parents advance in age.

**Talk With a Professional**

Did you know that a reverse mortgage loan can be used to fund home modifications?
Or that your loved one will continue to own his/her home (though subject to a lien) when they get a reverse mortgage? AAG licensed professionals are trained to help you explore your parents’ financial situation, provide you up-to-date facts and walk you through the loan process every step of the way.

“With the help of AAG, I have been able to repair my home’s foundation that I had been putting off for several years, refinish the hardwood floors, paint the interior and will have the exterior painted within a few days. My house is starting to look like my home again and it feels good.” Betty C., TX
What seniors have to say

“Our reverse mortgage with American Advisors Group has allowed us to buy a new vehicle and take care of my wife’s medical bills. Your service has gone above and beyond what I’ve received from conventional banks.” Terry B., Louisiana

“I have been able to repair my home’s foundation that I had been putting off for several years, refinish the hardwood floors, paint the interior and will have the exterior painted within a few days. My house is starting to look like my home again and it feels good.”

Betty C., Texas

“For me, getting a reverse mortgage was life changing. It took all the pressure off.”

Eileen R., NY

“My experience with AAG was exceptional. Your team could have easily written me off but instead helped me again and again.”

Susan F., Minnesota

Consider the numbers

72 Percent of Americans who become impoverished after just one year of nursing home care.1

70 percent of people over age sixty-five who will need some form of long-term care2

100 Maximum number days of services per benefit period after a hospital stay that Medicare may cover3

CONSIDER THIS SOLUTION:
The best strategy for seniors may be to set-up a HECM reverse mortgage standby line of credit in advance, so funding is available when it’s most needed.


American Advisors Group (AAG) is headquartered at 3800 W. Chapman Ave., 3rd & 7th Floors, Orange CA, 92868. AAG conducts business in the following states: AK (Alaska Mortgage Broker/Lender License No. AK9392), AL, AR, AZ (MB_0911141), CA (CA Loans made or arranged pursuant to a California Finance Lenders Law license (603F324) and Licensed by the Department of Business Oversight under the California Residential Mortgage Lending Act (4131144)), CO (Regulated by the Division of Real Estate; to check the license status of your mortgage loan originator, visit http://www.dora.state.co.us/real-estate/index.htm), CT, DC (District of Columbia Mortgage Dual Authority License No. MLB9392), DE, FL, GA (residential Mortgage Licensee #22849), HI, IA, ID, IL (Illinois Residential Mortgage Licensee; Illinois Commissioner of Banks can be reached at 100 West Randolph, 9th Floor, Chicago, Illinois 60601, (312)814-4500), IN, KS (Kansas Licensed Mortgage Company MC. 0025024), KY, LA, MD, ME (SLM11356), MI, MN, MO (4824 NW Gateway Ave, Suite 201, Riverside, MO 64168), MS (Licensed by the Mississippi Department of Banking and Consumer Finance), MT, NC, ND, NE, NH (Licensed by the New Hampshire banking department), NJ (Licensed by the N.J. Department of Banking and Insurance), NM, NV, NY (Licensed Mortgage Banker-NYS Department of Financial Services; American Advisors Group operates as American Advisors Group, Inc. in New York.), OH (MBMB.850159.000), OK, OR (ML-4623), PA (Licensed by the Pennsylvania Department of Banking 28356), RI (Rhode Island Licensed Lender), SD, SC, TN, TX (Mortgage Banker Registration), UT, VA (Licensed by the Virginia State Corporation Commission MC – 5134), VT (Vermont Lender License No. 6384), WA (Consumer Loan # CL-9392), WV, WI, WY (WY-DBA AAG Reverse Mortgage Lender/Broker License No. 2331).

A reverse mortgage increases the principal mortgage loan amount and decreases home equity (it is a negative amortization loan). AAG works with other lenders and financial institutions that offer reverse mortgages. To process your request for a reverse mortgage, AAG may forward your contact information to such lenders for your consideration of reverse mortgage programs that they offer.

Borrowers are responsible for paying property taxes and homeowner’s insurance (which may be substantial). We do not establish an escrow account for disbursements of these payments. A set-aside account can be set up to pay taxes and insurance and may be required in some cases. Borrowers must occupy home as their primary residence and pay for ongoing maintenance; otherwise the loan becomes due and payable. The loan also becomes due and payable when the last borrower, or eligible non-borrowing surviving spouse, dies, sells the home, permanently moves out, defaults on taxes or insurance payments, or does not otherwise comply with the loan terms.

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