



Frequently asked questions about reverse mortgages.

What are reverse mortgages?

Today's reverse mortgages are unique, flexible, deferred-interest loans and lines of credit that allow you to convert some of your home's equity into tax-free money to use however you wish. You continue to own your home, and you never have to make monthly loan payments (though you are allowed to make payments if you wish). The loan must be paid back someday, as explained later in this document.

Who is eligible for a reverse mortgage from Security One Lending?

To be eligible, all borrowers must be titleholders of the property and age 62 or older.

Does my credit score or income influence my eligibility?

No!*

What types of homes are eligible?

Single-family, 2- to 4-unit multifamily, modular, planned unit development (PUD) and condominium homes are eligible. Manufactured homes may be eligible. The property must be your primary residence.

Will I still own my home?

Yes. You always retain the title until your home is sold.

What if I have an existing mortgage?

You may be eligible for a reverse mortgage even if you still have an existing mortgage. However, the existing mortgage will need to be paid off with your reverse mortgage proceeds or from another allowable source.

*Some income conditions may apply if you own more than one home.

Can I use a reverse mortgage to purchase a home?

Yes, you can use the proceeds to purchase a home. You would need to make a down payment and apply the proceeds from your reverse mortgage at the time of purchase. The down payment is determined by the home value minus the amount of proceeds received from the reverse mortgage (after subtracting loan costs). You will not need to make monthly reverse mortgage payments while you live in the home or until a maturity event occurs.

Are there homeowner's insurance and property tax requirements?

Yes. It is your responsibility to maintain an acceptable amount of property insurance, including flood insurance where necessary. You are also responsible for paying your property taxes.

What are the costs of a reverse mortgage from Security One Lending?

Costs include origination and processing fees, third-party closing costs (just like a first mortgage) and possibly FHA mortgage insurance. Most of these costs can be financed into the loan, and may vary depending upon which product you select. In addition, there may be a counseling fee that will be collected up front or financed within the loan.

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

Loan amounts vary based on the reverse mortgage product chosen, the ages of the borrowers, the appraised market value of the home and current interest rates.

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What are the differences between the fixed and adjustable rate options?

The two types of interest rates offer benefits to accommodate a variety of individual needs. A fixed rate provides the predictability of an interest rate that will never change. An adjustable rate is an open-end credit loan that offers you the flexibility to pay down the balance and redraw funds. Your reverse mortgage loan officer can help you learn more and evaluate which option may be right for you.

How will I access the proceeds from my reverse mortgage?

Access methods vary based on which product you select. You can choose to receive the proceeds in a single lump sum, through regular monthly installments, by drawing from a line of credit at your discretion or any combination of these options.

How can I use the proceeds I receive?

You can use the proceeds for anything you choose. For example you can pay for medical, prescription and long-term care costs, make home improvements, cover unexpected expenses, etc. The decision is yours.

Are the proceeds I receive taxable?

Loan advances from a reverse mortgage are generally not considered taxable income. This means the proceeds you receive from a reverse mortgage are generally tax-free. Please consult a tax professional.

When will the loan become due?

Circumstances that cause the loan to become due include, but are not limited to: 1) the last surviving borrower(s) permanently moves out of the home or passes away; 2) the last remaining borrower(s) fails to live in the home for 12 consecutive months; 3) the borrower(s) fails to pay the property taxes or insurance; or 4) the property deteriorates beyond what is considered reasonable.

Will I have to make monthly payments?

No. Monthly reverse mortgage payments are never required.*

If I decide to pay back the loan early, will I incur any penalties?

No. The loan can be paid back at any time, and you will not be charged any fees for paying early.

Who will help me through this process?

A dedicated Security One Lending reverse mortgage specialist is available every step of the way to answer your questions and help ease any concerns you have.

*Your loan balance and accrued interest will become due upon a maturity or default event such as no longer living in the home as your principal residence, failing to pay your hazard insurance or property taxes, or failing to maintain your property.



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