



FannieMae



Turn your home's value into a source of ready cash

Considering a

Reverse Mortgage?

Review these 5 steps to see if one is right for you.

Reverse mortgages are a powerful tool to help eligible homeowners obtain tax-free cash flow. Thousands of people have already used them to enhance their retirement lifestyle. Even so—like with anything else where money is involved — it is wise to be prudent and informed about how to protect your own financial interests.

What is a Reverse Mortgage?

Reverse mortgages enable eligible homeowners to access the money they have built up as equity in their homes. They are primarily designed to strengthen seniors' personal and financial independence by providing funds without a monthly payment burden during their lifetime in the home. The major eligibility requirements are that the applicant must be at least 62 years of age and own and occupy a home whose mortgage has been paid in full (or with only a very low mortgage balance remaining).

The Benefits of a Reverse Mortgage include:

- *Tax-free funds* for as long as you live in your home
- *No loan repayment* for as long as you live in your home
- *No income, medical or credit requirements*
- *Retain ownership of your home* for life; this is **guaranteed** as long as you maintain your home, and pay insurance and real estate taxes
- *Choose a cash flow plan tailored to your needs*
- *No restrictions* on how you may use the funds
- *A tax-advantaged way* to pass on part of your estate today

How to Play it Safe?

The following five steps will help you ensure a successful reverse mortgage experience:

1 Learn the basics of how reverse mortgages work

Because reverse mortgages offer unique benefits, it is important for you to get a solid grasp of how they work. Among other things, you need to understand the full array of reverse mortgage products available to determine which one is best suited to your financial priorities.

Fannie Mae makes available to you numerous reverse mortgage brochures and other literature. You can obtain them free of charge at no obligation by calling 1-800-7FANNIE (1-800-732-6643). Please read them carefully.

In addition, we will supply you with a list of Fannie Mae-authorized lenders located in your area, and we will assist you in finding a reverse mortgage counselor with whom you can discuss reverse mortgages in detail (in person or over the phone). Ask questions. If the answers aren't clear to you, ask **more** questions.

It's the counselor's job to help you understand. If you do not feel that you and your counselor are communicating well, give us a call and we will refer you to someone else.

Additional sources of information include:

- AARP: 1-888-OUR-AARP
www.aarp.org/revmort/
- National Reverse Mortgage Lenders Association:
www.reversemortgage.org/Revmtg.htm
- HUD:
www.hud.gov/offices/hsg/sfh/hecm/hecmhome.cfm

2 Decide for yourself if a reverse mortgage is right for you

It's your house, and it should be **your** decision whether to apply for a reverse mortgage. Sometimes advice from family members or others can be helpful — but don't let anyone else make up your mind for you.

Once you apply, we hope you'll feel very happy about it. But you still have the right to change your mind until 3 days after the loan is closed.

3 Make your own choice about how to use your reverse mortgage funds

How to use the money is entirely up to you. Among other possibilities, you could:

- Supplement your retirement income;
- Buy a new car;
- Make home repairs;
- Use it as a financial planning tool;
- Travel more frequently;
- Help pay for a grandchild's education; or
- Cover medical expenses.

Sometimes consumers learn about reverse mortgages from a business that offers a particular product or service (such as home remodeling or an annuity). Although Fannie Mae requires that all liens be paid off and that the home be in good structural repair at closing, a reverse mortgage funded by Fannie Mae is **never** contingent upon your spending your money with any particular service provider. You are free to use your reverse mortgage funds in any way you wish. If anyone tries to tell you otherwise, feel free to call a Fannie Mae Reverse Mortgage Specialist at 1-800-732-6643.

4 Insist that all reverse mortgage funds be paid directly to you

The funds from your reverse mortgage (after closing-related transaction costs) are yours alone, as the owner(s) of your home. Even if you plan to use the money to pay someone else later, the funds should **always** come to you first. Don't let anyone persuade you to "sign over" the funds.

In most cases, Fannie Mae-authorized lenders are obligated to make the check payable to you and to no other third party. Or, if you prefer, you have the right to choose an electronic transfer of the funds directly to your bank account. If you are using your reverse mortgage funds to purchase a new home, the funds will go to the seller at closing as authorized by you.

5 Feel free to call Fannie Mae with any questions or problems

Reverse Mortgage Specialists are available Monday through Friday from 9:00 AM to 5:00 PM, Eastern Time at 1-800-7FANNIE (1- 800-732-6643).

Who is Fannie Mae?

You may not be familiar with us. We started over 60 years ago and since that time our mission has never changed. We make sure mortgage money is available for people in communities all across America. But because we don't make loans directly to home buyers, many Americans don't know who we are. You still go to your local bank, savings and loan, or mortgage company for a home loan. Fannie Mae works with local lenders to make sure they don't run out of money.

Fannie Mae has been the nation's largest source for reverse mortgage funding since 1989.

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