



REVERSE MORTGAGE

“We Finance Your Dreams”

MYTHS & REALITIES OF A REVERSE MORTGAGE



As with many financial products, reverse mortgage loans can be complicated and there may be a number of misconceptions about how the product works. Do you know the myths vs. the realities?

? MYTH : THE LENDER OWNS THE HOME

✓ **THE REALITY** You will retain the title and ownership during the life of the loan, and you can sell your home at any time. The loan will not become due as long as you continue to meet loan obligations such as living in the home, maintaining the home according to the Federal Housing Administration requirements, and paying property taxes and homeowners insurance.

? MYTH : THE BORROWER IS RESTRICTED ON HOW TO USE THE LOAN PROCEEDS

✓ **THE REALITY** The cash proceeds from the reverse mortgage loan can be used for any reason. Many borrowers use it to supplement their retirement income, delay receiving social security benefits, pay off debt, pay for medical expenses, remodel their home, or help their adult children. You have worked hard for this asset and prudence along with budgeting should be the proper approach to enjoying proceeds received from your reverse mortgage.

? MYTH : IT’S ONLY FOR POOR PEOPLE

✓ **THE REALITY** The perception of the reverse mortgage as an assist for the “poor” borrower is changing - many affluent senior borrowers with multi-million dollar homes and healthy retirement assets are using reverse mortgage loans as part of their financial and estate planning, and are working closely in conjunction with financial professionals and estate attorneys to enhance the overall quality and enjoyment of life.

? MYTH : ONCE LOAN PROCEEDS ARE RECEIVED, YOU PAY TAXES ON THEM

✓ **THE REALITY** Reverse mortgage loan proceeds are tax-free as it is not considered income. However, it is recommended that you consult your financial advisor and appropriate government agencies for any effect on taxes or government benefits.

? MYTH : THE HOME MUST BE FREE AND CLEAR OF ANY EXISTING MORTGAGES

✓ **THE REALITY** Actually, many borrowers use the reverse mortgage loan to pay off an existing mortgage and eliminate monthly mortgage payments homeowners insurance.



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GENEVA FINANCIAL IS AN EQUAL HOUSING MORTGAGE LENDER.

From origination to funding, we work under one roof, creating a cohesive team that enables us to close your loans fast.



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