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Understanding Reverse Mortgages

Empowering Your Retirement



TODAY WE WILL COVER

1

What is a reverse mortgage?

- Misconceptions
- Advantages
- Protections
- Responsibilities
- Repayment
- Eligibility

2

What's in it for you?

- Borrowing options
- The costs
- Loan process
- Interest rates

3

Product options

- Home Equity Conversion Mortgage
- HomeSafe Standard
- HomeSafe Select
- HomeSafe Second
- Reverse for purchase



What is a **REVERSE MORTGAGE?**



MISCONCEPTIONS



The home must be debt-free to be eligible



The bank owns the home



Heirs are liable when the homeowner passes



ADVANTAGES TO THE BORROWER

- ✓ No new monthly mortgage payments¹
- ✓ More cash flow in retirement
- ✓ Peace of mind & flexibility
- ✓ Stay in the home longer²

¹The borrower must meet all loan obligations, including living in the property as the principal residence and paying property charges, including property taxes, fees, hazard insurance. The borrower must maintain the home. If the homeowner does not meet these loan obligations, then the loan will need to be repaid.

²The right to remain in the home is contingent on paying property taxes and homeowner's insurance, maintaining the home, and complying with the loan terms.



BORROWER PROTECTIONS

- Mandatory counseling
- Financial assessment
- Non-borrowing spouse rules
- Non-recourse protection
- No pre-payment penalty



YOUR RETIREMENT, YOUR WAY

- ✓ Increase cash flow
- ✓ Pay off higher-interest debt
- ✓ Financial security



- ✓ Travel
- ✓ Buy a second home¹
- ✓ Home modifications
- ✓ Purchase a new home²



- ✓ Start a passion project
- ✓ Funds to pay for the rising costs of healthcare



- ✓ Living legacy
- ✓ Preserve investments during downturns



¹Borrowers must maintain the reverse mortgage property as their primary residence.

²Borrowers must own their home or be completing a HECM for Purchase transaction to be eligible.

BORROWER RESPONSIBILITIES

- Occupy the home as the primary residence
- Keep the property in good repair
- Pay the property taxes
- Pay the homeowners' insurance
- Pay other property charges
- Meet all other loan obligations



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REPAYMENT

A maturity event is when the homeowner leaves the home via passing away, selling the property, or vacating the home for a consecutive year or longer; it may also occur if the homeowner fails to fulfill loan obligations, such as paying taxes and insurance, as well as maintaining the property.

A

The loan does not need to be repaid until the last borrower permanently leaves the home, or if another maturity event occurs.

B

Heirs can sell, refinance, or pay off the loan using other funds.

C

If reverse mortgage balance is higher than the home value, there is no personal liability to the heirs.

D

Once the loan is repaid, any remaining equity belongs to the homeowners or their heirs.

E

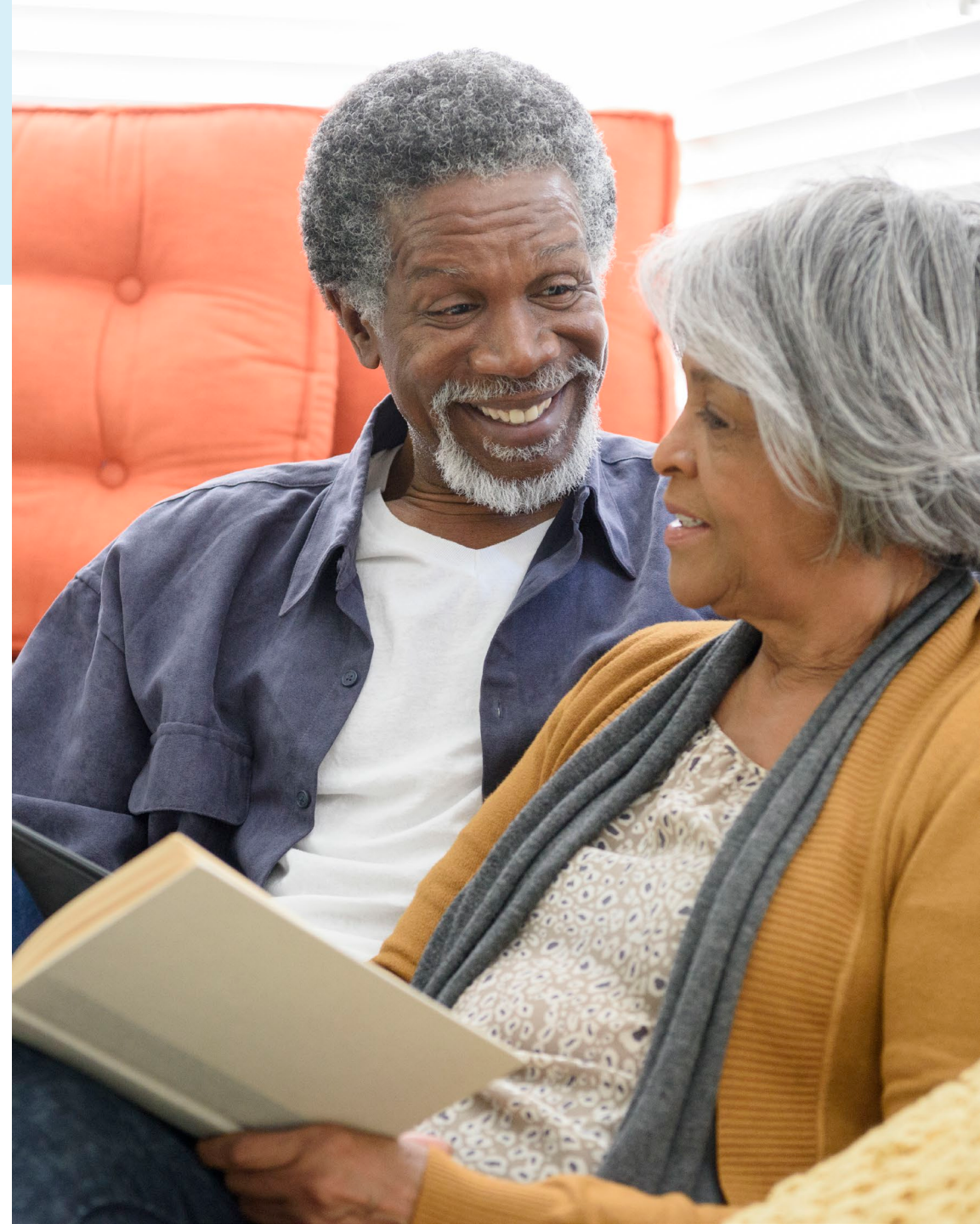
Family members can purchase the property for the amount owed or the value of the home.



BORROWER ELIGIBILITY

At a minimum, you must:

- Be age-eligible based on state and product
- Be a US citizen or lawful permanent resident
- Occupy the property as your primary residence
- Have a substantial amount of equity
- Be able to pay taxes, HOA dues, insurance, and upkeep



PROPERTY ELIGIBILITY

- New or existing single-family homes
- New or existing 2-4 units
- Approved condominiums
- Manufactured homes that meet standards



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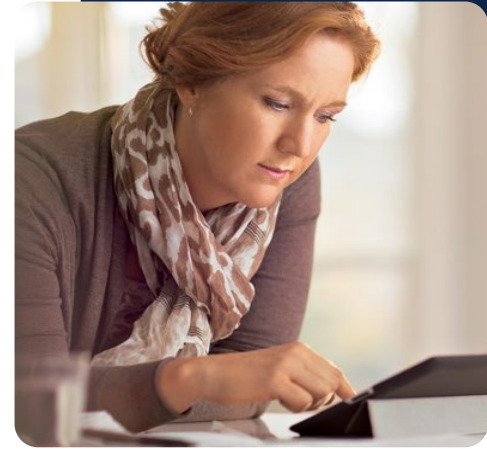
HOW MUCH COULD I GET?



Age



Value



Interest
Rate



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HOW COULD I GET IT?

Available borrowing options:

- Line of credit (LOC)
- Monthly payout (term or tenure)
- Lump sum
- Combination
- First-year limitations
- Life Expectancy Set Aside (LESA)



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WHAT IS UNIQUE ABOUT THE LOC?

- Use your home equity at some point in the future
- Access to more funds in the future due to growth
- Utilize your funds now and/or later



THE COSTS

Out-of-pocket costs:

- Counseling fee
(completed prior to application)
- Appraisal and credit report

Financed closing costs could include:

- Mortgage insurance, an origination fee, and traditional third-party closing costs

Ongoing costs could include:

- Mortgage insurance, interest, servicing fee, property taxes, hazard insurance, home maintenance, HOA dues (if applicable)





LOAN PROCESS

- Research/education
- Counseling
- Application
- Processing/underwriting approval
- Closing

We encourage you to include your family members and trusted advisors in your decision-making process.



INTEREST RATES

FIXED

- Rate is fixed and will not change throughout the life of the loan
- All available proceeds must be taken at closing
- No future credit line or draws
- No payments after funding



ADJUSTABLE

- Rate will adjust either monthly or annually
- Proceeds available at closing
- Credit line that can be accessed in the future
- Term or tenure payments may be available





An FHA¹-insured reverse mortgage with a max value of \$1,209,750.

FOR BORROWERS WHO:

- Are age 62+
- Are interest rate sensitive
- Want more growth on the line of credit
- Don't mind first-year limits on cash out
- Want to have access to funds in a flexible manner (cash out, term, tenure payments, and LOC available on the adjustable HECM)
- Home is in good repair
- Want non-borrowing spouse protections or have a manufactured home²

¹These materials were not provided by HUD or FHA and were not approved by FHA or any government agency.

²The reverse mortgage borrower must meet all loan obligations, including living in the property as the principal residence and paying property charges, including property taxes, fees, hazard insurance. The borrower must maintain the home. If the borrower does not meet these loan obligations, then the loan will need to be repaid.





An FOA reverse mortgage with loans up to \$4M¹.

FOR BORROWERS WHO:

- Want to access all cash available at closing
- Want to access funds as needed through an available line of credit (HomeSafe Select²)
- Have a high-valued home (up to \$10M)
- Want lower closing costs due to no upfront mortgage insurance
- Home is in good repair
- 55+ based on state availability³ (borrower and spouse)

¹Loans up to \$4 million available for certain HomeSafe products. The HomeSafe reverse mortgage is a proprietary product of Finance of America and is not related to the Home Equity Conversion Mortgage (HECM) program. HomeSafe products are only available in certain states. Please contact us for a complete list of availability.

²25% of the principal limit must be drawn at closing.

³For certain HomeSafe products only, excluding Massachusetts, New York, and Washington, where the minimum age is 60, and North Carolina and Texas where the minimum age is 62.





An FOA second lien reverse mortgage with loans up to \$1M¹.

FOR BORROWERS WHO:

- Are comfortable with their current first mortgage payment, but want to access additional funds
- Are looking for a HELOC alternative
- Want to access funds in a lump sum at closing
- Do not want or need a line of credit for the future
- Home is in good repair
- Are 55+ based on state availability (borrower and spouse)



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¹The HomeSafe reverse mortgage is a proprietary product of Finance of America and is not related to the Home Equity Conversion Mortgage (HECM) program. HomeSafe products are only available in certain states. Please contact us for a complete list of availability. Minimum principal limit of \$50,000 in Oregon and \$70,000 in Utah.

WHAT IS A REVERSE FOR PURCHASE?

With a Reverse for Purchase, you have the opportunity to “right-size” your home, relocate, or move closer to family.



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- REVERSE -





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Want to learn more about how a reverse mortgage could work for you?



Call us at:
(844) 564-6362



Or email us at:
BetterWay@financeofamerica.com

Let us know what you
thought of this class!



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For Reverse Loans in OR. When the loan is due and payable, some or all of the equity in the property that is the subject of the reverse mortgage no longer belongs to borrowers, who may need to sell the home or otherwise repay the loan with interest from other proceeds. The lender may charge an origination fee, mortgage insurance premium, closing costs and servicing fees (added to the balance of the loan). The balance of the loan grows over time and the lender charges interest on the balance. Borrowers are responsible for paying property taxes, homeowner's insurance, maintenance, and related taxes (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 (and the property may be subject to a tax lien, other encumbrance, or foreclosure) when the last borrower, or eligible non-borrowing surviving spouse, dies, sells the home, permanently moves out, defaults on taxes, insurance payments, or maintenance, or does not otherwise comply with the loan terms. Interest is not tax-deductible until the loan is partially or fully repaid.