

Reverse Mortgage

Home Equity Conversion Mortgage

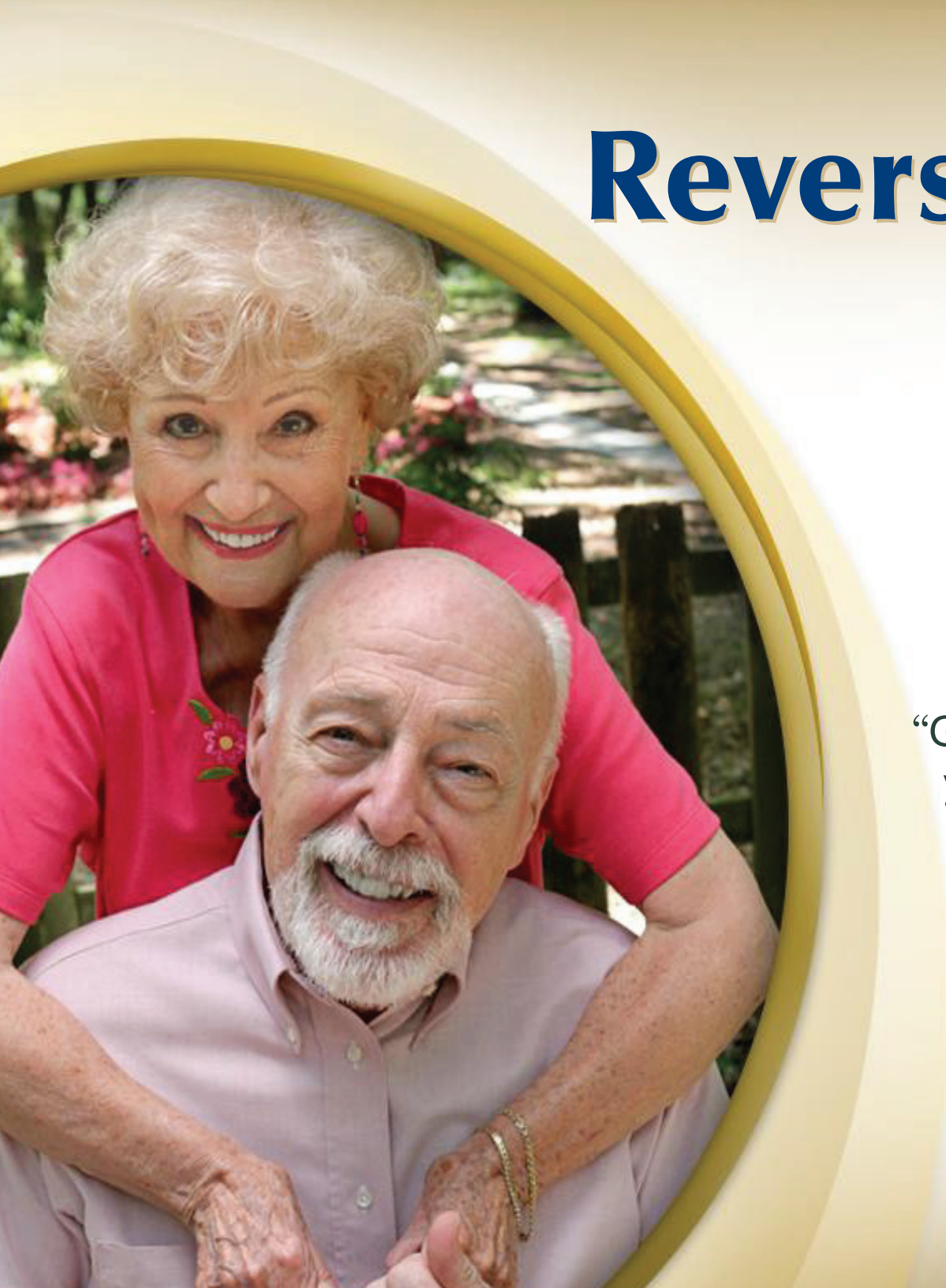


AMERICAN DREAM
FINANCIAL

“Go confidently in the directions of
your dreams! Live the life you’ve
imagined.”

-Henry David Thoreau

Information Guide





What is a Reverse Mortgage (HECM)?



A “Reverse Mortgage (HECM) is a loan where there is no principal and interest mortgage payment. Borrower is still responsible for taxes, insurance and HOA if applicable. If not, borrower risks losing the home to foreclosure. There are minimal income and credit requirements to qualify.



The Federal Government created this program in the late 80's, and HUD regulates the Reverse Mortgage (HECM) industry very closely. This program was also created in conjunction with the AARP.



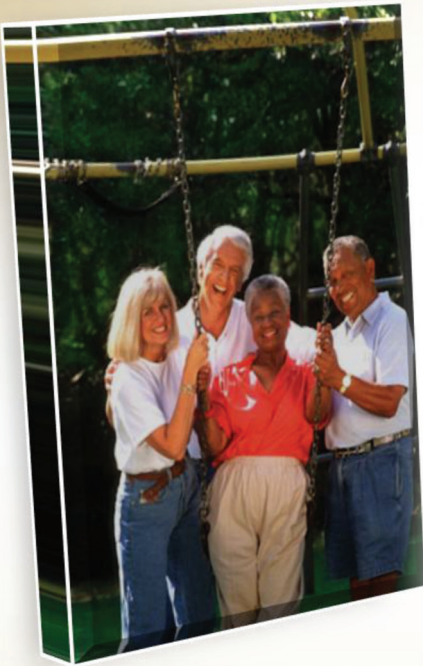
Do I Qualify For A Reverse Mortgage (HECM)?



Qualifications for a Reverse Mortgage (HECM):

- You must be a homeowner, 62 years of age or older, and the home **MUST** be your primary residence.
- The property must comply with HUD's minimum guidelines for occupancy. The loan can be used for repairs to property.
- Free and clear property is not a requirement. Property with existing mortgage balances qualify as well.
- Properties that qualify are single family homes, condominiums*, town homes*, mobile homes*, and multi family homes up to 4 units*.

*Certain restrictions apply for condominiums, mobile homes and multifamily homes.





Benefits of a Reverse Mortgage (HECM)

- Never make another principal and interest mortgage payment while you live in the property.
 - You can pay off existing debt and pay off credit cards. Money can be used without any restrictions.
 - Receive money in a variety of payment options:
 - Lump Sum
 - Monthly Payment
 - Credit Line
 - Tenure
- Or a combination of the above.
- Pay off a bankruptcy or pending foreclosure.
 - Fully fund grand children's education.





Title to Property

- With a Reverse Mortgage (HECM), you maintain ownership of your property.



How does it affect your heirs?

When the property passes to your heirs, the options are simple.

They can:

- > Refinance the loan and pay off what is outstanding on the Reverse Mortgage (HECM) if qualified.
- > Sell the property and keep any equity that is left after the Reverse Mortgage (HECM) is paid off assuming that they hold the title to the property.



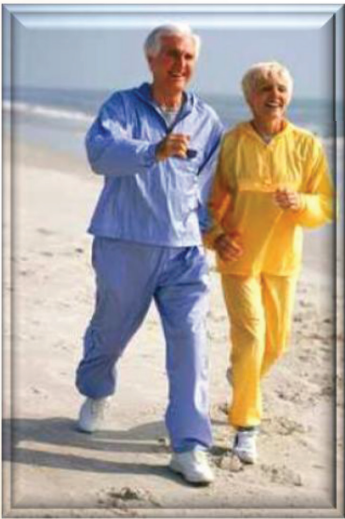


Is There Any Kind of Counseling Required?

Yes. HUD requires HECM counseling for all borrowers and spouses who are applying for a Reverse Mortgage (HECM)



Tax Liability: Do I Have Any???



Any money received from a Reverse Mortgage (HECM) is free of any kind of income tax or capital gain tax. The money is not considered income. A Reverse Mortgage (HECM) does not affect your Medicare or Social Security Benefits.*

***Restrictions apply for individuals that have Medicaid, SSI, and Food Stamps.**



Are There Limits to How The Money Can Be Used? NO!

- Supplement Your Monthly Income
- Emergency Funds
- Home Improvement
- College Tuitions
- Vacations
- Paying Off 1st Mortgage, Lines of Credit or Credit Cards



NO RESTRICTIONS !



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