



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.

Fannie Mae
3900 Wisconsin Avenue, N W
Washington, DC 20016

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Frequently Asked Questions: Loan Servicing

Who is my new contact after the loan funds?

Your servicer will be your primary contact after the loan funds. After funding, Genworth Financial Home Equity Access, Inc. formerly known as Liberty Reverse Mortgage, Inc. (Genworth) will send you contact information for your servicer. Each servicer has a repair and servicing department to help assist you with your Reverse Mortgage. Of course, you are always welcome to call our Client Service Department here at Genworth for additional assistance. There are many questions after your loan funds, and we encourage you to contact your servicer or Genworth to assist you.

What is my loan number and where can I find it?

Your loan number will be located on the letter you will receive from your Client Service representative. This number may or may not correspond with your closing documents. Once you have received your first statement from your servicer you can use this as a reference for your loan number. If you cannot determine your loan number, please contact Genworth to assist you.

How can I access my Line of Credit and how long until I receive the funds?

Once your loan has funded, it might take up to 30 days for your loan to board with your servicer. After that time, you may submit a completed "Request for Funds." You may mail or fax these requests to the servicing department. Once your servicer receives your request, please allow 5 business days for processing. The servicer will mail your check by First Class U.S. mail once it is processed. If you have direct deposit established with your servicer, your funds will be deposited by the 5th business day from the date of request receipt.

****Note:** For a request of fifty thousand (\$50,000) or more, the servicer may call you to verify the request. To expedite this process, we recommend calling the Servicing Department to confirm your request.

Will my bank charge me a fee for using direct deposit to receive my monthly payments or money from my line of credit?

The funds will be deposited by Automatic Clearing House (ACH). Most banks will not charge a fee for an ACH deposit. This is different from a wire and may take up to two (2) additional business days to reflect in your bank account depending on your bank's ACH practices.

Where can I confirm my payment plan?

To verify your payment plan and disbursements, please refer to Exhibit 1: [HECM] Payment Plan of the Loan Agreement in your closing package.

When can I expect my monthly payments?

If your loan funded during the current month, you will receive your first monthly check

approximately three to five (3-5) weeks after funding. After your first check, your monthly payment will be mailed to you on the first business day of every month. If you have established Direct Deposit, your funds will be wired on the first business day of the month. Again, direct deposit may take up to two(2) additional business days to reflect in your bank account depending on your bank's ACH practices.

My check was lost or stolen. What can I do?

If you think your check has been lost or stolen, please contact your servicing department as soon as possible. They will stop payment on the check and re-issue the check. The servicer may have a waiting period before re-issue but they will notify you if this occurs.

Is my direct deposit established? My first monthly payment was mailed to me in a check.

It may take from thirty (30) to sixty (60) days for your direct deposit request to be processed. Do not be alarmed if your first payment is sent to you in a check. If you would like, you may call the servicing department to verify your direct deposit information.

I'm getting a lot of mailers asking me if I want to purchase mortgage insurance and stating that I have a \$400,000 loan. Do I need to buy mortgage insurance, and why do I have a \$400,000 loan? Why is my lender sending me these mailings?

These mailings are solicitations. These advertisements are not from your lender, but from outside lenders not affiliated with your loan. You do not need to purchase mortgage insurance, and please disregard these mailings. The mailings reflect a larger mortgage because it is a requirement to record your maximum payoff by multiplying your Maximum Claim Amount (the lesser of your FHA county lending limit or the appraised value) by 150%. This is not your current outstanding payoff amount. When this information is recorded with the county, it becomes public information for outside lenders to access for solicitation purposes. Again, please disregard and shred these mailers.

You may call toll-free 1-888-OPTOUT (1-888-567-8688) or visit www.optoutprescreen.com to eliminate some of these unsolicited mail offers.

What is a reconveyance letter?

This is a letter to show proof that your previous loan has been paid off and the lien has been taken off title of the home. This letter should come one to two months after funding from your County's Assessor's office. Please keep this document for your records.

I received a letter from the County District Attorney's Office regarding fraud. Should I be concerned?

This is for your awareness only. The District Attorney's office sends this information to any person who has recently recorded a Deed of Trust. They recommend all newly recorded mortgagees to double check their loan documents. If you find a discrepancy in your documents, please contact Genworth or your servicer to verify.

What is the periodic MIP charge on my loan statement? Is this different than the mortgage insurance premium (MIP) I paid when my loan closed?

There is an initial mortgage insurance premium (MIP) taken out of your loan proceeds. After the loan funds, there will be an additional periodic Mortgage Insurance fee of 0.5% charged annually (0.041% monthly) to your outstanding balance.

My statement shows a large finance fee every month. Is this amount correct?

The investor is charging the interest rate for that month on the current outstanding balance. The outstanding balance will include any payoffs from previous loans, closing costs, and any additional funds that you have taken out. This interest is not meant to be paid out of your pocket. Any funds and interest charges that have accumulated on your loan will only be paid off when you no longer occupy in your home as your primary residence.

Frequently Asked Questions: Repairs

When can I start my repairs?

You may start your required repairs after you have closed and signed your final documents with your notary. You have up to 6 months after the closing date to complete repairs and to clear any reinspections. After your loan funds, it takes approximately thirty (30) days to board your information with the servicer and the repair department. You may not have been assigned a Repair Administrator until your account has been boarded to process any invoices or answer questions. You may call Genworth Financial Home Equity Access, Inc. formerly known as Liberty Reverse Mortgage Inc.'s Client Services Dept for any general assistance.

Do my repairs need to be completed by a licensed contractor?

For any electrical, roofing, termite treatment repairs, the client must use a vendor with a suitable license. (Example: Electrical work must be repaired by a licensed Electrician; roofs must be completed by a licensed roofer *who must provide a labor warranty of at least 2 years*). Most termite or water damage repairs can be done by a licensed contractor, general handyman, or even a family member or friend. All work must pass inspection, so the lender generally prefers licensed contractors.

My repairs have just been completed. How do I pay the contractor/handyman?

Once your work has been completed, please have your contractor fax a copy of the final invoice and any itemized reports to your repair administrator. If an inspection is required, the repair administrator will order this inspection. The repair administrator will authorize and issue a 2-party check that will be mailed to your home. Please endorse this check and forward to your contractor for payment.

I haven't used all of my repair set-aside funds. Do I get this money back?

Yes. Any funds leftover in your repair set-asides will automatically roll into your reverse mortgage line of credit. You may then request those funds from the Servicing Department by completing and submitting a "Request for Funds" form. You may also request your funds by sending a written request to your administrator for the leftover funds to be issued to you in a check. Please contact your repair administrator for details.

Frequently Asked Questions: Declaring the Mortgage Due and Payable

(Resources from the Fannie Mae “Money from Home – A Guide to Understanding Reverse Mortgages,” Pages 58-62)

When does a reverse mortgage become due and payable?

A HECM is automatically due and payable when any of the following events occur:

- The borrower (or last surviving borrower if multiple borrowers owned and occupied the property when the mortgage was closed) dies, or
- The borrower sells or conveys title to the property.

A HECM is due and payable with HUD approval when any of the following events occur:

- The property is no longer the principal residence of at least one borrower for reasons other than death;
- The borrower (or last surviving borrower) does not occupy the property as a principal residence for 12 consecutive months;
- The borrower is unable (or refuses) to repair a property that is in disrepair;
- The borrower violates any other covenant of the mortgage, such as a failure to pay real estate taxes or hazard insurance premiums, and is unable (or refuses) to correct the violation.

Remember that payment to the borrower can cease only when the loan is declared due and payable or when another lien takes precedence over the first lien between the borrower and the lender. If one of the above conditions exists (nonpayment of taxes or insurance, failure to maintain property, etc.), payments to the borrower cannot cease until the HUD field office declares the loan due and payable.

What Happens when the Mortgage becomes Due and Payable?

When one of these events occurs, the servicer must declare the mortgage due and payable. To do so, the servicer should issue a Repayment Notice to the borrower stating that the mortgage is due and payable. If the borrower is deceased, HUD requires the servicer to provide adequate notice to the heirs or executor responsible for the property before initiating any foreclosure action. HUD requires that the Repayment Notice provide the amount of the outstanding balance and the

following instructions:

- The debt must be paid in full;
- If the borrower (or the borrower's estate) believes the value of the property is less than the outstanding balance, it is the borrower's responsibility to arrange for an appraisal, at his or her own cost, and to satisfy the obligation with 95 percent of the current appraised value;
- The mortgage will be released and no deficiency judgment will be taken if the property is sold for at least 95 percent of the appraised value, even if the debt is greater than the appraised home;
- If the loan is in default, the borrower can resolve the default through the appropriate means, such as reoccupancy, proof of adequate insurance, or payment of taxes or assessments.

Note: HUD can authorize the servicer to delay the beginning of foreclosure proceedings longer than six months if a sale by the borrower or the borrower's estate is in process. The servicer must contact HUD if a sale is in process.

What happens to the payments and loan balance once the loan becomes due and payable?

Once a Repayment Notice has been issued, the borrower may not receive payments from the mortgage as long as the mortgage remains due and payable. The lender may make required payments for taxes and insurance and add these payments to the borrower's outstanding balance. The monthly mortgage insurance premium, servicing fees, and interest will continue to be added to the outstanding balance until the date preceding the event terminating the contract of insurance. Termination of the insurance contract will occur upon notification to HUD of the following circumstances:

- The mortgage is paid in full, or
- There is a third-party sale or a deed in lieu of foreclosure.