

# Why Haven't Senior Homeowners Been Told These Facts?

Keep reading if you own a home in the U.S. and were born before 1955.

It's a well-known fact that for many senior citizens in the U.S. their home is their single biggest asset, often accounting for more than 50% of their total net worth.

Yet, according to new statistics from the mortgage industry, senior homeowners in the U.S. are now sitting on more than **6.1 trillion dollars** of unused home equity.<sup>1</sup> With people now living longer than ever before and home prices back up again, ignoring this **"hidden wealth"** may prove to be short sighted.

All things considered, it's not surprising that more than a million homeowners have already used a government-insured Home Equity Conversion Mortgage or "HECM" loan to turn their home equity into extra cash for retirement.

However, today, there are still millions of eligible homeowners who could benefit from this FHA-insured loan but may simply not be aware of this **"retirement secret."**

Some homeowners think HECM loans sound "too good to be true." After all, you get the cash you need out of your home but you have no more monthly mortgage payments.

## **NO MONTHLY MORTGAGE PAYMENTS? EXTRA CASH?**

It's a fact: no monthly mortgage payments are required with a government-insured HECM loan;<sup>2</sup> however the homeowners are still responsible for paying for the maintenance of their home, property taxes, homeowner's insurance and, if required, their HOA fees.

Another fact many are not aware of is that HECM reverse mortgages first took hold when President Reagan signed the FHA Reverse Mortgage Bill into law 29 years ago in order to help senior citizens remain in their homes.

Today, HECM loans are simply an effective way for homeowners 62 and older to get the extra cash they need to enjoy retirement.

Although today's HECM loans have been improved to provide even greater financial protection for homeowners, there are still many misconceptions.

For example, a lot of people mistakenly believe the home must be paid off in full in order to qualify for a HECM loan, which is not the case. In fact, one key advantage of a HECM is that the proceeds will first be used to pay off any



**FACT:** In 1988, President Reagan signed an FHA bill that put HECM loans into law.

existing liens on the property, which frees up cash flow, a huge blessing for seniors living on a fixed income. Unfortunately, many senior homeowners who might be better off with HECM loan don't even bother to get more information because of rumors they've heard.

That's a shame because HECM loans are helping many senior homeowners live a better life.

In fact, a recent survey by American Advisors Group (AAG), the nation's number one HECM lender, found that over 90% of their clients are satisfied with their loans.

While these special loans are not for everyone, they can be a real lifesaver for senior homeowners.

The cash from a HECM loan can be used for any purpose. Many people use the money to save on interest charges by paying off credit cards or other high-interest loans. Other common uses include making home improvements, paying off medical bills or helping other family members. Some people simply need the extra cash for everyday expenses while others are now using it as a "safety net" for financial emergencies.

If you're a homeowner age 62 or older, you owe it to yourself to learn more so that you can make an informed decision. Homeowners who are interested in learning more can request a free 2018 HECM loan Information Kit and free Educational DVD by calling American Advisors Group toll-free at **1-800-790-4869**.

At no cost or obligation, the professionals at AAG can help you find out if you qualify and also answer common questions such as:

1. What's the government's role?
2. How much money might I get?
3. Who owns the home after I take out a HECM loan?

You may be pleasantly surprised by what you discover when you call AAG for more information today.

<sup>1</sup>Source: <http://reversmortgagedaily.com/2016/06/21/seniors-home-equity-grows-to-6-trillion-reverse-mortgage-opportunity>. <sup>2</sup>If you qualify and your loan is approved, a Home Equity Conversion Mortgage (HECM) must pay off any existing mortgage(s). With a HECM loan, no monthly mortgage payment is required. A HECM increases the principal mortgage loan amount and decreases home equity (it is a negative amortization loan). AAG works with other lenders and financial institutions that offer HECMs. To process your request for a loan, AAG may forward your contact information to such lenders for your consideration of HECM programs that they offer. When the loan is due and payable, some or all of the equity in the property no longer belongs to borrowers, who may need to sell the home or otherwise repay the loan with interest from other proceeds. AAG charges 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 AAG charges interest on the balance. Interest is not tax-deductible until the loan is partially or fully repaid. Borrowers are responsible for paying property taxes and homeowner's insurance (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 when the last borrower, or eligible non-borrowing surviving spouse, dies, sells the home, permanently moves out, defaults on taxes or insurance payments, or does not otherwise comply with the loan terms. American Advisors Group (AAG) is headquartered at 3800 W. Chapman Ave., 3rd & 7th Floors, Orange CA, 92868. (Mortgage Banker Registration, 13785 Research Blvd, Ste. 125, Austin, TX 78750). V2017.08.23\_OR