



WSB MORTGAGE SERVICES, INC.
REVERSE MORTGAGE FAQ's

Reverse Mortgage FAQ's!

Q. Who are reverse mortgages designed for?

A. They are designed for homeowners at least 62 years of age with significant equity in their homes.

Q. Can a reverse mortgage be taken out if there is already a conventional mortgage on the home?

A. Yes, but any existing mortgages must be paid off at closing. The proceeds from the reverse mortgage may be used for that purpose.

Q. What types of homes won't qualify for a reverse mortgage?

A. Generally vacation homes or other secondary residences, mobile or manufactured homes not attached to a permanent foundation, rental properties of more than four units and homes on leased lands do not qualify.

Q. What about a home in a "living trust"?

A. A homeowner who has put the home in a living trust can usually take out a reverse mortgage, subject to review of the trust documents.

Q. Will I have any tax liability for the reverse mortgage proceeds?

A. Currently the Internal Revenue Service treats monies received from a reverse mortgage to be loan advances and not taxable income. For your specific situation, we recommend that you consult your tax advisor.

Q. Can the interest charged on my loan principal be deducted for tax purposes?

A. The interest accrues and is deductible when the loan balance and interest is repaid, when the borrower permanently leaves the property. For your specific situation, we recommend that you consult your tax advisor.

Q. How do the monies from a reverse mortgage affect Social Security, Medicare or pension benefits?

A. The proceeds from a reverse mortgage do not affect these benefits. For your specific situation, we recommend that you consult your financial advisor.

Q. If I take out a reverse mortgage will my SSI or Medicaid benefits be affected?

A. No, a reverse mortgage will not affect these or most other means tested benefits as long as the monthly cash advances are fully spent every month and not accumulated. Programs do vary by state, so it's advisable to check with the local Area Agency on Aging. We also recommend that you consult your financial advisor.



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Q. What are the upfront costs associated with a reverse mortgage?

A. The borrower will pay an origination fee and actual closing costs, including charges by the title and escrow companies. All of these costs can be financed as part of the initial loan advance.

Q. What is due when the loan is repaid?

A. The borrower pays back the cash advances they have received plus accumulated interest.

Q. What if I owe more than my home is worth?

A. All reverse mortgages are "non-recourse" loans, which means that the borrower can never owe more than the value of the home regardless of loan balance.

Q. Can the lender take the house?

A. This is a misconception; a reverse mortgage is merely a loan against the property. The title remains in the name of the borrower and the lender is only repaid the loan balance or the home value, which/ever is less.

Q. If there are no payments, what are my responsibilities as a borrower with a reverse mortgage?

A. You are required to pay your property taxes, keep current property insurance in place, maintain the home, and notify the lender if you will be away from the property for an extended period.

Q. When does the loan become due and payable?

A. The loan is due and payable when the borrower sells the property, permanently leaves the home, or passes away. In the case of a couple, it is the second to move out or die that triggers repayment. Until these events take place you live in the home and make no payments to the lender.

Q. Do I or my heirs have to sell the property to repay the loan?

A. No, repayment can be accomplished by the refinancing of the existing Reverse Mortgage Loan with a Traditional/Forward Mortgage Loan or with their personal funds. We do