



SETTING THE RECORD STRAIGHT

Reverse Mortgages

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Setting the Record Straight!

Read What Our Senior Clients are saying about their Reverse Mortgage...

“My house needed a new roof, windows, flooring and paint, inside and out. WSB never abandoned me when even I wanted to just give up. It would have never happened without WSB.”

Jerry C., Napa, CA

“I was an emotional wreck – too much debt and not enough income. WSB made the process easy.”

Sandy S., Sacramento, CA

“The reverse mortgage changed the status of our lives.”

Thomas E., Carmichael, CA

“The three biggest benefits are putting money aside, makes me feel secure, and being able to buy what’s needed for myself and my family.”

Angela, Delray Beach, FL

Mention the words “reverse mortgage” and you are likely to get various responses.

“Reverse what?”

“Oh, that loan where you get money but the bank takes your house.”

“I’ve heard about that, but it sounds too good to be true.”

You may have heard any number of these, or may have found yourself saying something like this at some point.

The point is that there are many misconceptions about Reverse Mortgages, and there is a real need for educating folks on what a Reverse Mortgage is, what it does and who it is for.

Despite the increased popularity of Reverse Mortgages, a lot of misinformation exists and a lot of the facts about Reverse Mortgages remain misunderstood.

So let’s Set the Record Straight About Reverse Mortgages, so you can be armed with good information in order to make an informed decision and determine if a Reverse Mortgage is right for you.

Let’s start with the basics of the Reverse Mortgage.

“A feeling of security: Security for the surviving spouse, no monthly payments, more cash for the things we need.”
Donald, Los Molinos, CA

“Our home can no longer be taken away from us and the loan is government insured – HUD-FHA.”
Herbert, Willits, CA

“Big relief from our ever growing expenses and constantly rising prices!”
Forrest, Yuma, AZ

“Solved my problem of running out of funds and having to impose on my children or leave debt behind.”
Patricia, Port St. Lucie, FL

“I get to keep my home, have money, and peace of mind!”
Juanita, Lake Worth, FL

What is a Reverse Mortgage?

A Reverse Mortgage is a loan that enables homeowners 62 and older to convert home equity into tax-free income without selling your home, giving up title to your home, or having to make monthly mortgage payments.

This program is backed by the Federal Government. It was established by congress, and is regulated by The Department of Housing and Urban Development (HUD). These loans are also fully FHA insured.

With a Reverse Mortgage the payment stream is “reversed”, and the lender makes payments to you.

The loan is repaid when you no longer occupy the home as your principal residence, the money you receive can be used for anything you wish, and can be taken as a lump sum, a monthly payment, or as a line of credit.

This is a Reverse Mortgage in a nutshell, so let’s highlight some of the important points.

- You must be 62 and older to take advantage of a Reverse Mortgage.
- You do not give up ownership of your home.
- You do not pay back any of the loan until you no longer occupy it as your permanent residence.
- The money you receive from your Reverse Mortgage is tax free.
- You can use the money for anything that you wish.

“Earning interest to defray interest on the loan, having our own home to live in without house payments, and funding a motor home for our retirement.”

Russell, Woodland, CA

“Tax-free capital gain and ability to help my heirs without having to die first.”

Albert, Lake Havasu, AZ

“It’s given me freedom from mortgage payments, enough income to maintain my life-style and a chance to travel.”

Ruth, El Cajon, CA

“My social security check (my only income) was not enough to make my monthly mortgage payments. Now, no more mortgage payments and I

keep my home.”

Orpha, Pittsburg, CA

“Security, peace of mind and found real security.”

Otis & Modena, Riverside, CA

“Freed up money, no more mortgage payments and still having equity in my house.”

Oscar, Venice, FL

Pretty easy isn't it.

Yes it is!

So let's get into a little more detail on how the Reverse Mortgage works and how it can benefit you.

“We were unsure about getting a Reverse Mortgage at first, but after we learned how safe it was, we decided to go ahead and get one....it was the best thing we could have done.”

Bill and Carla, Tucson

What are the requirements for a Reverse Mortgage?

As we discussed before, the requirements are pretty straight forward.

- You must be 62 or older.
- If more than one person is on the title of the home, then both individuals must be over 62.
- You must have equity in your home. An outstanding mortgage balance is ok, and will be paid off from the proceeds of your Reverse Mortgage.
- The home must be your primary residence.
- Eligible property types are:
 1. Single family homes.
 2. Manufactured homes built after June 1976.
 3. Qualified condominiums and townhouses.

"It changed the status of our lives."
Thomas, Carmichael CA.

I do not have to make monthly payments which I could not do."
Signe, Watsonville, CA.

"Helped me out to catch up with all my bills."
Thelma, Fort Myers, FL.

"Security for surviving spouse, no monthly payments and more cash for other things we need."
Donald & Kathleen, Los Molinos, CA.

"Comfort, peace of mind and can pay my bills." Anna, Pittsburg, CA.

"Needed financial help to maintain our home. This was available in fast time, Thank You."
Mario & Cecilia, Groveland, CA.

How much money can I get?

How much money you can receive depends on several factors.

- Your age at the time of closing. The older you are, the more money you will be eligible for.
- The appraised value of your home up to the HUD maximum lending limit for your area.
- The interest rate at the time of origination.
- The type of Reverse Mortgage selected.

For Example:

At age 65 you may receive \$175,000

At age 75 you may receive \$205,000

At age 85 you may receive \$235,000

These are just examples, your situation may be different, to find out exactly how much you are eligible for, contact us for a free quote.

Remember, HUD sets lending limits for Reverse Mortgages. These limits vary according to where you live, so contact us to find out the lending limit for your area, or go to our website, www.rmaz.com, go to our links section and find the link for HUD lending limits.

How do I receive my money?

You have several options on how to take your money.

“We no longer believe our home can be taken away from us.”

Herbert & Josephine, Willits CA.

“We have a financial cushion, less stress from ever rising prices and the ability to purchase some badly needed items.”

Forrest & Betty, Yuma, AZ

“I did the Reverse Mortgage because I was running out of funds and did not want to impose on children.”

Patricia, Port Saint Lucie, FL

“I keep my place, I have money and peace.”

Juanita, Lake Worth, FL

“To get money out of home to pay off other bills.”

Alvin, Lake Havasu, AZ

“Wanted to be freed up from house payments and fund a motor home for retirement.”

Russell, Woodland, CA

Remember it's your money, you are in control.

- Lump sum—You can take all of the money at once if you wish.
- Monthly installments—You can arrange to take your money in monthly installments for as long as you live in your home.
- Line of credit—You can use your money to establish a line of credit to draw from when you need it.
- Any combination of the above.

We recommend taking your money in a lump sum. You are not penalized for doing this (not like the lottery), and this way you control all of your money and can access it when you need it.

What can I do with the money that I get from a Reverse Mortgage?

The money that you receive from a Reverse Mortgage is your money, and you may do with it what you wish.

A Reverse Mortgage is an ideal way to get the things that you need:

- Healthcare/ Medication
- New Car
- Home Improvements
- Bills
- Prevention of foreclosure
- Pay off first and/ or second mortgage

“Ability to help heirs now without having to die.”

Albert, Lake Havasu, AZ

“My income was not enough to support payments, it allows me to maintain my life style as usual.”

Ruth, El Cajon, CA

“My only income is Social Security (\$771.00 per Month) and I could not make the mortgage payments to the bank.”

Orpha, Pittsburg, CA

“Knowing that HUD is involved in the process gives an assurance that this is a legitimate transaction.”

Albert Ft. Lauderdale, FL

“More disposable funds, knowing money is available when I need it and ability to do something's that were needed.”

Jean, Tallahassee, FL

Or to get some of the things that you have always wanted:

- Travel- RV, Cruise, visit family
- Gifts for your children/ grandchildren
- Establish a cash reserve in case of emergencies

Remember that this is your money, and you are in control of it.

Turn your “nest”, or your home, into a “nest egg” - money that you can use to satisfy any wants or needs you may have.

“We used our reverse mortgage to pay off our medical bills, fix up our house, and still had money left over for any future emergencies.” Ann and Jerry, Phoenix

How does receiving all of this money affect my income tax?

Currently the IRS considers money from a Reverse Mortgage as loan advances and not taxable income. You are tapping into money that you already have in the form of home equity. We do recommend however, that you consult with your tax advisor for information on your specific situation.

How will money from a Reverse Mortgage affect my health cover-

“It is a wonderful feeling not to pay monthly payments, I always like the idea and still do, it is great.”

Wallace, Lake Havasu City, AZ

“To end mortgage payments and cash out equity.”

Francis, Riverside, CA

“No house payment, can use money on anything, don't have to pay taxes on the money.”

Marcial & Josephine, Murrieta, CA

“Peace of mind, keeping my home, have and knowing I have a little money on hand. To repay financial obligations. It is, to me, a gift from heaven. Would recommend highly to people.”

Christa, Ft. Myers, FL

“It's great for people like me. Payoff loan, have funds in case of emergency and long term care. No more worries. Thank You for your help!”

Katherine, Pittsburg, CA

age?

With the rising cost of health care, this is a real concern. The fact is that money received from a Reverse Mortgage will not affect your Medicare or Social Security benefits. As we stated before, money received from a Reverse Mortgage is not considered income by the US Government, and if handled properly, will not affect your eligibility for Medicaid. Again, we recommend that you consult your attorney for your specific situation.

What are the costs involved with a Reverse Mortgage?

The costs associated with a Reverse Mortgage aren't much different than a traditional mortgage. The fees vary with the amount borrowed, and dependant upon the appraised value of the home up to the maximum HUD lending limit.

- Origination fee 2%
- Mortgage insurance premium 2%
- Other standard closing costs

The good news is that all loan costs can be funded in the loan. So there are no out of pocket loan costs to the borrower.

There are a few small out of pocket expenses that you will incur in order to determine your eligibility status for a Reverse Mortgage.

“Fixing up a 60 year old house!
I now have a beautiful home
and paid off 3 Credit Cards.
Everyone were so nice to deal
with. I would definitely rec-
ommend WSB Mortgage Ser-
vices.”

Jeanne, Glendale, CA

“I don’t have to worry about a
home to live in. I have money
to fix my house a little at a
time. I recommended WSB
but that person thinks he can
pay his payment without
working.”

Virginia, Watsonville, CA

“No hassle—direct deposits,
having extra money to make
improvements and home up-
grades, which allows me to
live in dignity in my own
home.”

Shirley, Modesto, CA

“The security to keep my
home without having to
move. The lump sum finances
to make life more enjoyable
and rewarding.”

Agnes, Oroville, CA

- A home appraisal is required, and costs approxi-
mately \$300-400. The home appraisal is the determining
factor on how much your home is worth, and therefore
how much money you are eligible for. We will order the
appraisal for you, and you will pay at the time of the ap-
praisal.

Of course, as with any loan there is interest paid as well.
The interest rate varies for each different type of Re-
verse Mortgage.

- HECM Fixed – Determined Before Your Loan
Closes.

- HECM 100 Monthly – 1 yr T-Bill plus 1.0%
- HECM 150 Monthly – 1 yr T-Bill plus 1.5%
- HECM Yearly – 1 yr T-Bill plus 3.1%
- FNMA Home Keeper – 1 month CD plus 3.4%
- CASH ACCOUNT – Based on the LIBOR rate

(London InterBank Offered Rate) plus a margin.

How is a Reverse Mortgage differ- ent from a home equity loan?

With both of these loans you receive money based on
the equity built up in your home, and you don’t lose
control of your home, but that is where the similarities
end.

With a home equity loan:

- Borrower must meet certain credit and income re-

“The fact that the funds become available to pay for needs and freedom of choice.”
Helen, Riverside, CA

Piece of mind, freedom from debt and financial security. It is a good thing.”
John & Barbara Los
Molinos, CA

“The biggest benefit is the extra money!”
Charles & Chiri, Oroville,
CA

“To have an emergency fund available, i.e.– new roof, new car, etc. Just having the money available when needed.”
Wayne, Chico, CA

“To supplement monthly income for expenses. The smooth way it was handled give me the freedom of worry about monthly bills.”
Robert, Woodland, CA

requirements to qualify.

- Borrower makes monthly payments.
- Foreclosure possible if payments aren't made.
- Other assets are at risk if payments not made.

With a Reverse Mortgage:

- Almost anyone 62 and older who owns a home can qualify. No credit check or income requirements required.

- Borrower makes NO payments on the loan ever.

Loan is repaid only when borrower permanently moves out of the home.

- NO foreclosure possible.
- Other assets are NOT at risk.

Who actually owns my home if I get a Reverse Mortgage?

Your home is your biggest asset, and you don't want to have to worry about who is in control of it. In some cases, your home may be paid off, or nearly so and you don't want to do anything that might cause you to give it up. These are reasonable and understandable concerns, and ones that come up frequently when talking about Reverse Mortgages.

Put simply, with a Reverse Mortgage:

You retain complete control and ownership of your home.

“Budget adjustment after retirement & home improvements, helped.”
William, Yuba City, CA

“I was in need of cash, it was like selling stock you owned but you still have ownership of home. I don't have to go to my children for aid.”
Edward, Boca Raton, FL

Got rid of mortgage payment with no heavy outlay of money.”
Donald, Lake Havasu, AZ

“The way you made it easy to use the equity in our home for improvement, bills, health care and travel.”
Raymond & Shirley, Carmichael, CA

“My home is still mine, while having money available for my wife after I die.”
David, Ontario, CA

You, and not a bank, own title to your home, just the same as with a regular mortgage.

One thing you must remember is that you also retain the responsibility of home ownership, which means paying taxes, and maintaining the property as always.

Can I end up owing more than what my home is worth?

All Reverse Mortgages are what are known as “Non Recourse Loans”. This means that the house itself stands for the debt, which in turn means that you or your heirs can never owe more than the value of the home, even if the house depreciates in value.

When I die or end the loan, does the bank sell my house to collect their money?

The loan becomes due when the borrower dies, or permanently leaves the home. Remember that you own and control your home, not the bank. The lender does not sell the property, simply because the lender does not own the property.

It is up to the borrower or their heirs to repay the loan, either thru the sale of the home, or from any other assets that may be available.

"I needed money for living expenses. I got rid of my mortgage payment, I have money for prescriptions and I am able to write a check knowing it wont bounce."
Esther, AZ

"Having more money in hand has freed up our finances, I was easy to get."
Donald & Judith, Yuma, AZ

"I was broke the reverse mortgage gives me security, peace of mind and flexibility of my life."
Verlie, Port St. Lucie, FL

"The biggest benefit for me was paying bills, repairs and travel if I want."
Mary, Rancho Cordova, Ca

"The help we receive with information so we could make an informed decision has given us peace of mind. Now we are secure with our house, have money to do some extra things we want to do, i.e. travel and fix our house. Cavin & Julia,
Yuma, AZ

In other words, if your heirs are able to repay the loan by other means, they are welcome to do so.

Is a Reverse Mortgage right for you?

Now that we have answered some important questions about Reverse Mortgages, it's time to figure out if a Reverse Mortgage is right for you.

Do you want to stay in your home for the foreseeable future?

If you had access to additional money, would you be able to improve your lifestyle or provide yourself with peace of mind:

- Could you use an additional \$100,000, \$150,000, or \$200,000?
- Do you need help paying for medical bills, home improvements?
- Would you like to travel, see family or just improve your way of life?

If you can answer yes to these questions, then maybe a Reverse Mortgage would be the right choice for you.

What is the process to get a Reverse Mortgage?

1st: Contact us for a free quote to see how much money

"I know about it now and am a big fan of Reverse Mortgages, it provided the additional money I needed to maintain a better quality of living.

James, Santa Rosa, CA

"The Reverse Mortgage makes me more relaxed, I feel good now, I did want to worry anymore."

Dolores, Mary Ester, FL

you would be eligible for with a Reverse Mortgage.

2nd: We discuss the concept with you and your advisors, to make sure that it is the right option for your situation.

3rd: You receive free HUD approved independent Reverse Mortgage counseling. The government built this safeguard into the process to insure that all of your questions and concerns are answered.

4th: Complete an application.

5th: Have the home inspected and appraised to determine its value and condition.

6th: You go thru all of the processing and approval procedures that you would with any mortgage.

7th: Once approved, your loan closes and you get your money!

Now that we've set the record straight about Reverse Mortgages, you should have the information you need to make an informed decision to whether or not you want to take the next step.

Contact us to take advantage of a powerful financial tool that can give you the money you need to live the life that you desire and deserve.

866-309-6626
