

Is a Reverse Mortgage right for you?

A reverse mortgage can help turn the equity from your home into cash you need, and unlike a home equity loan, you don't have to pay back the money as long as you remain in your home. But before you borrow, you should carefully consider whether it's right for you.

How They Work

Reverse mortgages are not repaid until the last living borrower dies, sells the home or permanently moves away – at which point the loan, including interest and other fees, becomes due. Because you make no monthly payments, the amount owed grows larger over time, while the amount of cash left after selling and paying off the loan generally grows smaller. But you can never owe more than your home's value at the time the loan is repaid. Since reverse mortgage borrowers continue to own their homes, they must pay for property taxes, insurance and repairs. If they don't, the full loan may become due.

Reverse mortgages offered by state and local governments are called "public sector" loans and generally must be used for specific purposes, such as home repairs or property taxes. "Private sector" reverse mortgages offered by banks or other institutions can be used for any purpose.



STATE OF FLORIDA


Florida Department of Financial Services

Who's Eligible?

Borrowers must usually be at least 62 years old and list the home as a principal residence. All owners of the home, whether they are residents or family members, must sign the loan papers.

Before accepting a Reverse Mortgage you should ask:

- Do you really need a reverse mortgage, and is the need enough to justify the high total cost? Generally, reverse mortgages should not be used to purchase anything other than needed home improvements, property taxes or health care costs.
- How expensive is the loan? Compound interest increases the payout each month, and high up-front administrative costs make selling the house in the first few years expensive.
- Would a home equity loan be more appropriate?
- What if you have to face future emergencies like home repairs or relocation to an assisted living facility?
- How will paying off the loan affect my estate? Speak to family members, your attorney, and your financial institution to be sure a reverse mortgage is the right solution for you.



For more information please contact:

1-877-MY-FL-CFO
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or

www.MyFloridaCFO.com