

YOUR CONSUMER GUIDE TO REVERSE MORTGAGE LOANS



DIRECT FINANCE

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CORP.

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Member, National Reverse Mortgage Lenders Association

You Should Know the FACTS About Reverse Mortgage Loans.

The equity you have built up in your home through years of mortgage payments is a valuable investment. But converting that equity into cash has often required great sacrifice in the form of selling your home or accepting the burden of an additional equity loan payment.

A Reverse Mortgage loan changes that by allowing you to tap into the equity in your home, but still retain ownership.¹ It can provide a steady flow of income for as long as you live.² And still allow you to leave a legacy to your heirs.³

At Direct Finance Corp., we have helped hundreds of homeowners just like you to better understand and appreciate the Reverse Mortgage loan process. Our Reverse Mortgage loan clients have been able to realize their dreams, relieve financial pressure or help a loved one, all while staying right in their own home.



1. A reverse mortgage loan is secured by a lien on your home. Foreclosure can result if borrower fails to comply with all loan terms, including continuing to pay the property taxes and insurance, and maintaining the home. 2. Available with Tenure-Based or Modified Tenure plans, so long as Borrower does not default on the loan. Borrower must maintain home as principal residence, pay all taxes, insurance, maintain the home, and comply with all other loan terms. With Modified Tenure plans, lender will set aside a specific amount of money for a line of credit. 3. A reverse mortgage increases principal mortgage loan amount and decreases home equity (it is a negative amortization loan). Depending upon the amount borrowed, interest rate and property appreciation, the equity available to your heirs could be zero.

Here are the Answers to the 7 Most Important Questions About Reverse Mortgage Loans

1. What is a Reverse Mortgage Loan?

It is an increasingly popular way to turn the equity in your home into cash. It is a loan against your home that you do not have to pay back for as long as you live there, as long as you comply with loan terms, such as continue to pay property taxes, insurance, and maintain the home. You can receive your money all at once, as a regular monthly advance, or at times and in amounts that you choose.

2. When do we pay the money back?

You pay the money back, plus interest, when you and your spouse pass on, sell your home, or permanently move out of your home. Until that time, you retain ownership in your home and make no payments. You are not personally liable for a Reverse Mortgage loan. The loan can only be paid back through the sale of your home. You do have to pay taxes, insurance and maintain the home, and comply with all loan terms or you could lose the home.

3. What are the requirements?

All owners of the home must apply for the reverse mortgage and sign the loan papers. Most Reverse Mortgage loans require that all borrowers be at least 62 years of age. The home must be your principal residence (where you live the majority of the year). For your protection, most types of Reverse Mortgage loans require that a homeowner undergo a counseling session by a HUD approved third party counseling service prior to applying.



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4. What are some of the other advantages?

The unused portion of the credit line you establish continues to grow at a competitive interest rate. The value of your home may, depending on market conditions, increase; giving you continued equity in your home.

5. Are there different types of Reverse Mortgage loans?

Yes, there are several different types of Reverse Mortgage loans from which to choose. Each has its advantages, and the choice you make may depend on where you live, the current value of your home, the amount of your present mortgage, your age and other factors.

The most common Reverse Mortgage loan is the Home Equity Conversion Mortgage (HECM). This loan is federally insured and backed by the U. S. Department of Housing and Urban Development (HUD). It can be used for any purpose, and is generally offered by mortgage companies or banks.

Some private companies have developed “proprietary” Reverse Mortgage loans. These are generally the most expensive type of Reverse Mortgage loan, but can be used for any purpose.



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6. Are there up front costs?

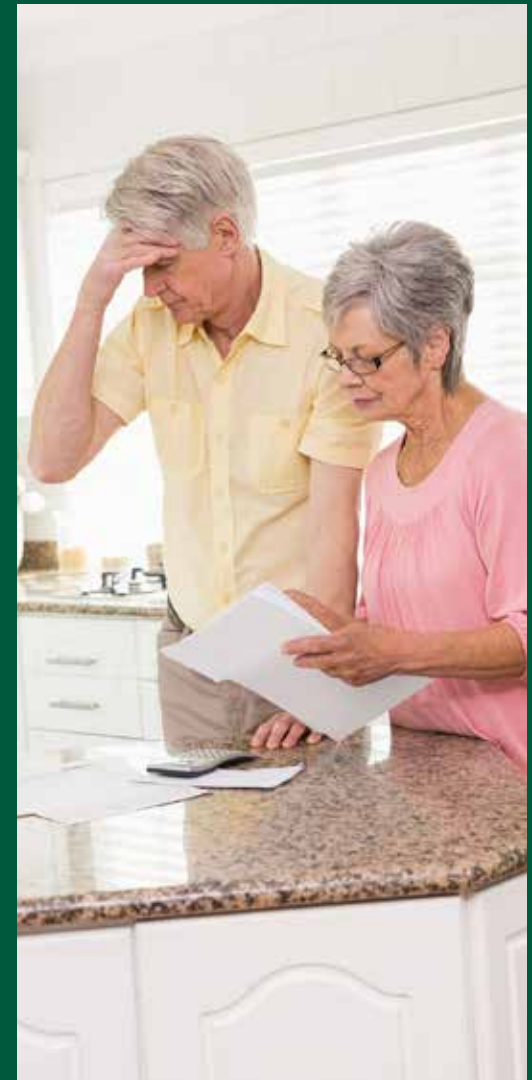
Like any mortgage loan there are origination fees for most Reverse Mortgage loans. In addition, money taken from your home's equity is used to pay these fees and to pay off any existing mortgages before you can access additional equity funds.

Loan costs can vary by a lot from one type of Reverse Mortgage loan to another. The federal Truth-in-Lending law requires lenders to disclose a "Total Annual Loan Cost" for Reverse Mortgage loans.

7. How do we apply for a Reverse Mortgage loan?

Applying for a Reverse Mortgage loan is a relatively simple process. However, it is important to examine your options thoroughly before deciding which type of Reverse Mortgage loan is right for you.

You will be required to attend an informational counseling session a HUD approved third party counseling service before your application is accepted. This is to protect your interests and provide a degree of safety for you.



We hope this brochure helps you to better understand the Reverse Mortgage loan process. Please call us with any questions, or for help in determining if a Reverse Mortgage loan is the right decision for you.

Direct Finance Corporation can help guide you through the entire Reverse Mortgage loan process. With over a decade of experience and hundreds of successful Reverse Mortgage loan clients, we can give you the advice and options you need to make the right choice for your situation.

Call us today at **(781) 878-5626** for a free, no obligation consultation.



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We arrange but do not make loans.



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