

YOUR GUIDE

REVERSE MORTGAGE LOANS



 **AAG**TM
American Advisors Group
Bringing Stability to Your Retirement



Dear Friends,

Americans are living longer, which is great news. But with that comes the challenge of ensuring you are sufficiently prepared for your financial future.

Accessing home equity is a solution that is becoming more important now as retirement needs are growing and

the typical sources of retirement funding may not be enough. A reverse mortgage loan through American Advisors Group (AAG) just might be the help you are looking for. This viable financial tool can help older Americans tap into home equity to help fund a more comfortable and secure retirement.

Take your time to look through the enclosed materials and learn more about reverse mortgage loans. Once you're ready, pick up the phone and connect with an AAG reverse mortgage professional. He or she will walk you through your specific questions to make sure you're comfortable every step of the way.

I am proud to be a part of a company that has made such a positive impact on the lives of so many people. I encourage you to find out more about AAG and how a reverse mortgage loan could be the best financial decision you've ever made.

Warm regards,

Tom Selleck

Actor and AAG Paid Spokesperson

Let the leader in reverse mortgages,

American Advisors Group (AAG), show you how to convert a portion of what may be your largest asset – your home equity – to fund your retirement needs.

What is a HECM reverse mortgage loan?

Home Equity Conversion Mortgages (HECMs), also known as reverse mortgage loans, were created over 25 years ago to help Americans age 62 and older convert a portion of their home equity into tax-free money to improve their lifestyle in whatever way they choose. Reverse mortgage loan proceeds are tax free, please consult with your tax advisor. HECM Reverse Mortgages are insured by the Federal Housing Administration (FHA) and allow seniors to age in place and achieve retirement security.

How does it work and what are some of the risks?

With a reverse mortgage loan, borrowers do not make monthly principal and interest payments on the loan. Instead, the loan balance is typically repaid when the last borrower or eligible non-borrowing spouse leaves the home or does not otherwise comply with loan terms. Borrowers are responsible for paying taxes, homeowners insurance, HOA dues (if any), maintaining the property and complying with all loan terms. Not complying with all loan terms can result in defaulting on the loan and borrowers can be subject to foreclosure.

Also with a reverse mortgage loan, lenders do not establish escrow accounts to pay for property taxes and homeowners insurance. You can manage your finances so loan proceeds or other funds are available to pay for these expenses. Alternatively, a set aside account can be established to pay for tax and insurance obligations and borrowers can fund this account from their reverse mortgage loan proceeds.

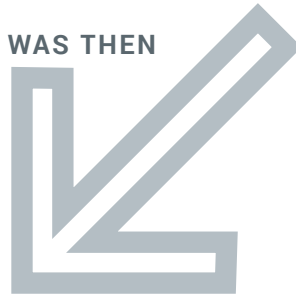
Baby boomers demand more out of their retirement than ever. They've worked hard and they deserve to live stable and happy lives. And yet, the number one fear for older Americans is – are we going to run out of money? **Retirement needs are changing – people are living longer, many lead more active and healthy lifestyles,** and eventually, some of us might require more care. The reality is most of us do not have the financial resources to fund our longevity.

Retirement is not what it used to be



The traditional three-legged approach to funding your retirement with savings, Social Security and a 401(k) or pension plan may not be enough to live on. However, there is a solution that may help you along a path to a more stable retirement - a savings plan that you've been investing in all these years. It's your home's equity, and it can be accessed through a reverse mortgage loan.

THAT WAS THEN



THIS IS NOW!



Helping you on the next leg of your journey

A reverse mortgage loan can create a source of funds in a very unique way. Through this solution, you can utilize home equity as a fourth leg to your retirement plan. A reverse mortgage loan provides you the flexibility to use funds when and how you choose – giving you more cash, security and peace of mind.



How can you qualify?

What are the qualifications?

Qualifications include:

- ✓ The borrower on title must be 62 years or older (a non-borrowing spouse may be under age 62)
- ✓ The home must be the borrower's primary residence
- ✓ The borrower must own the home and meet the financial requirements of the HECM program

Reverse Mortgage Loan Options.

The amount you receive is based on these factors:

Age	Home Value	Interest Rates
Age of the youngest borrower or non-borrowing spouse - the older they are, the more funds may be available	The higher the appraised home value, the more funds may be available	The lower the interest rate, the more funds may be available

You'll have flexibility to choose from one or more of these loan disbursement options:






Lump Sum Payout	Monthly Installments	HECM Growing Line of Credit
Pay off large expenses	Regular cash installments in the amount you need for a set period of time or for life*	Access the available "standby" funds when you need them

*Available with Tenure-Based or Modified Tenure plans, so long as Borrower does not default on the loan. With Modified Tenure plans, lender will set aside a specific amount of money for a line of credit.

Common uses of a reverse mortgage loan

1. Pay off an existing mortgage (required as part of the loan) and eliminate monthly mortgage payments[†]
2. Make retirement savings last longer
3. Use a "standby" HECM reverse mortgage growing line of credit to preserve investment accounts during market downturns or build a safety net for unplanned emergencies, home repairs and healthcare expenses
4. Supplement your retirement income with monthly payments
5. Use a HECM for Purchase loan to buy a home that better fits your needs (see page 16 for more information)
6. Support aging in place expenses, like caregiving and home modifications

5 advantages of HECM reverse mortgages:

 <p>ONE No monthly mortgage payments[†]</p>	 <p>TWO Tax-free loan proceeds[†]</p>	 <p>THREE Keep your home[†]</p>
 <p>FOUR Federally-insured by the government</p>	 <p>FIVE Delay your Social Security benefits</p>	

[†]With a reverse mortgage loan, foreclosure is possible for reasons including failure to maintain the property and to pay taxes and insurance.

HECM product changes

How do they benefit me?

HECM product guidelines were put in place by the United States Department of Housing and Urban Development (HUD) to protect borrowers and further strengthen the HECM reverse mortgage loan product.

Financial Assessment

Now, HUD requires a more thorough evaluation of a borrower's ability to meet the obligations of his/her HECM reverse mortgage loan.

Non-borrowing Spouse

Loan amounts are available to borrowers with a non-borrowing spouse under the age of 62. Rules allow the eligible spouses of borrowers who pass away to stay in the home without foreclosure, as long as the surviving eligible spouse complies with the loan terms.

More Affordable

Upfront **mortgage insurance premiums (MIPs) have been lowered** by the FHA. As long as you don't take more than 60 percent of your proceeds in the first year, you will be charged an upfront MIP of 0.5 percent of the appraised value of the home.

If you cross the 60 percent threshold, the upfront MIP will be 2.5 percent

(on a \$200,000 home, 2.5% is \$5,000 vs. \$1,000 for 0.5%. Over the life of the loan the borrower will be charged an annual MIP of 1.25% of the outstanding mortgage balance).



Picture is not photo of actual borrowers.

82%

of American Advisors Group customers lives have improved since obtaining a reverse mortgage¹

"My reverse mortgage has given me the freedom of not having to worry about another mortgage payment[†] – and it has enabled me to help the community I live in. I tell my friends all of the time to go to American Advisors Group." Lisa M., California

97% of American Advisors Group customers are satisfied with our service¹

[†]Provided that you pay property taxes, homeowners insurance and maintain the property. ¹Based on American Advisors Group customer surveys between June 1, 2013 and September 30, 2016.

Consumer safeguards

A number of consumer safeguards have been established to protect reverse mortgage borrowers. These protections ensure that lenders like American Advisors Group are doing their jobs right, and that you and your family have a thorough understanding of how a reverse mortgage loan works. The following consumer safeguards were instituted for your protection:



CALL TODAY to speak with your AAG professional today.

1

No Pre-payment Penalty

You can **choose to repay the loan at any time** without incurring any additional costs.

2

Non-recourse Loan

HECMs are non-recourse loans, which means the **lender cannot collect more than the value of the home** if the loan is called due and payable.

3

Counseling

All reverse mortgage applicants undergo independent, third-party HUD-approved counseling. This ensures that borrowers understand the financial implications associated with their reverse mortgage, what their obligations are and what other alternatives may be available to them.

AAG is in favor of third-party counseling so that you feel completely comfortable with the process and understand your options.

4

Safer

HUD established limits on the amount of money you can borrow during the first year of your loan. This may **ensure home equity proceeds last longer**.

5

HUD Fee Limitations

HECM origination **fees are regulated by HUD**. Other HECM reverse mortgage costs may vary among creditors and loan types.

6

Greater Retirement Security

Financial advisors are including the reverse mortgage growing line of credit as part of their clients' long-term retirement planning strategies, **helping stretch other investments** even longer into retirement.

4 Common questions

1. Does the bank own my home?

No. Reverse mortgage borrowers retain ownership, and the loan is secured by a lien on the home. They are not relinquishing title or ownership using a reverse mortgage loan, but borrowing against the value of the home. Borrower(s) may not lose their home under normal circumstances as long as they comply with loan terms including paying for taxes, insurance, and maintaining the property. Also an escrow account is not typically set up to pay for taxes and insurance.

2. What are the different ways I can receive my reverse mortgage funds?

Reverse mortgage loan funds can be disbursed in a number of ways: full or partial lump sum, as a line of credit, through monthly payments, or a combination of any of these.

3. What if the loan amount ends up more than the value of the home? Who will be responsible for the loan?

Reverse mortgages are non-recourse loans. What this means is that if somehow the loan balance ends up surpassing the value of the home, the lender cannot collect more than the value of the home. Under the HECM program, the difference between the loan balance and the home value is covered by the Federal Housing Administration's (FHA) insurance fund.

4. Will a reverse mortgage loan affect my Social Security, Medicare or pension benefits?

No, these benefits will not be impacted. Reverse mortgage loan funds are considered loan proceeds and not income. However, Medicaid and other asset-based benefits may possibly be affected. What's more, the longer you wait to access Social Security benefits, the more you may receive. A reverse mortgage can help delay accessing Social Security in order to boost your lifetime retirement income.



Real borrower real story

To the Corporate Officers of American Advisors Group "By way of introduction, I am Vincent S., 85 years old, a veteran of World War II (101st Airborne Division- Battle of the Bulge- Bronze Star, Purple Heart) and the happy recipient of one of your reverse mortgages.

To American Advisors Group, whose only focus is reverse mortgages, we seniors give thanks to an honest, well-run company that has impacted our lives. But to me, the personification of American Advisors Group is Frank. Here is a man who comes across not only as a brilliant professional, but a kind human being who is concerned for the personal lives of his clients.

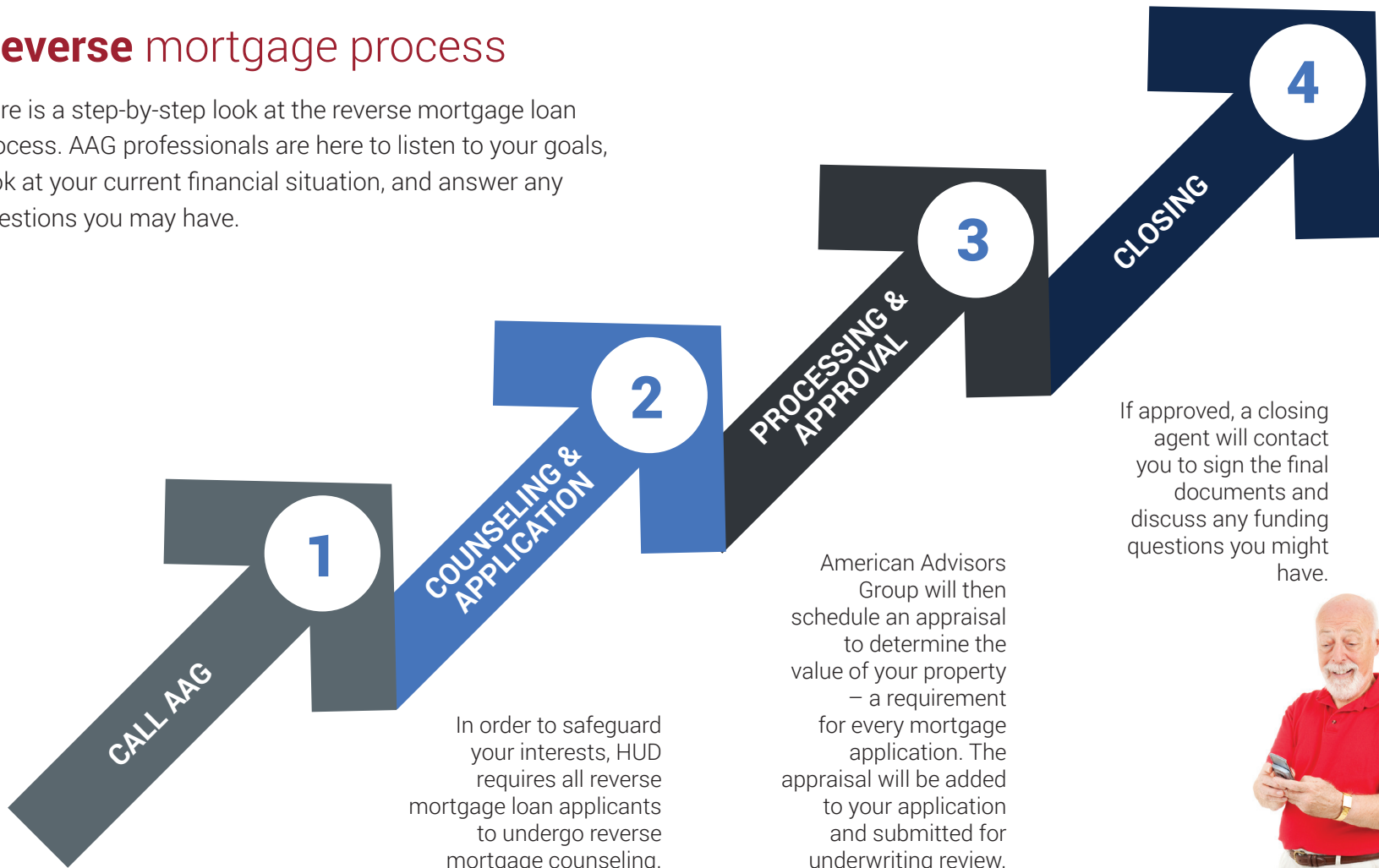
Let me give you an example. My case was complicated by the fact that my wonderful wife of 62 years is now in a nursing home. The title company raised all kinds of legal objections to the loan which I hardly understood. Frank could very easily have dropped the matter right there. American Advisors Group had done its part but no loan could be made without approval of the title company. Frank would not stand for that. When he knew how much the reverse mortgage meant for me, how it could change the quality of my life for my remaining years, he went to work. He explored all the means of correcting the legal problems. And after countless hours of what I am sure was a lot of extra work, he succeeded. He has made a significant difference in my life and I shall be eternally grateful to him. Thank you all again."

Vincent S., IL - WWII Veteran (101st Airborne Division - Battle of the Bulge - Bronze Star, Purple Heart)



Reverse mortgage process

Here is a step-by-step look at the reverse mortgage loan process. AAG professionals are here to listen to your goals, look at your current financial situation, and answer any questions you may have.



The first step is to learn more, and the best way to determine if a reverse mortgage suits your specific situation is to call us. No question is too big or too small. Our licensed reverse mortgage professionals will walk you through a free, no-obligation financial snapshot of your situation, how much you may qualify for, and then help you decide on your next steps.

In order to safeguard your interests, HUD requires all reverse mortgage loan applicants to undergo reverse mortgage counseling. Your American Advisors Group professional will be happy to help you with your loan application and answer any questions along the way.

American Advisors Group will then schedule an appraisal to determine the value of your property – a requirement for every mortgage application. The appraisal will be added to your application and submitted for underwriting review.

If approved, a closing agent will contact you to sign the final documents and discuss any funding questions you might have.

Pick up the phone and call AAG today.



Picture is not photo of actual borrower.

Did you know you can buy a home with a reverse mortgage loan?

A HECM for Purchase loan combines a reverse mortgage with the equity from the sale of your previous home - or from other savings and assets - to buy your next primary home in a single transaction. Regardless of how long you live in the home or what happens to your home's value, you only make one down payment towards the purchase, provided that you pay taxes, insurance and maintain the property.



Picture is not of actual reverse mortgage professional.

Additional advantages include:

- ✓ No monthly mortgage payments**
- ✓ Increase your purchasing power
- ✓ Contributes toward the financing of the new home purchase
- ✓ Rightsize to a lower maintenance home
- ✓ Buy a home closer to family and friends
- ✓ Lower your cost of living during retirement

**Failure to pay taxes, insurance, and maintain the property could result in foreclosure.

Sell Your Home

You receive \$500,000 from the sale of your existing home.



FOR SALE

Purchase New Home

You find a NEW home for \$350,000.

Use \$200,000 as a down payment.

Use \$150,000 from a HECM For Purchase to complete new home purchase.



\$200,000 DOWN PAYMENT

+\$150,000 HECM TO COMPLETE PURCHASE

\$350,000 NEW HOME PURCHASE PRICE

\$300,000 at your disposal and no monthly mortgage payments, provided that you pay taxes, insurance and maintain the property

For illustration purposes only. Closing costs and other settlement costs are additional. The liens on the home need to be paid off when it is sold.



Why choose American Advisors Group?

American Advisors Group is the nation's leader in reverse mortgage lending. We take pride in the unmatched level of professionalism and customer service our skilled staff demonstrates in order to make the reverse mortgage experience informative and efficient for our customers. American Advisors Group is:

- ✓ BBB Accredited
- ✓ A U.S. Department of Housing and Urban Development (HUD) approved lender
- ✓ A proud and active member of the National Reverse Mortgage Lenders Association (NRMLA)

Not only did working with American Advisors Group to obtain a HECM for Purchase make it possible for us to retire ten years sooner than we thought we could, it allowed us to take advantage of a strong real estate market to obtain our dream home."

Andy and Beatrice H., Florida


American Advisors Group

Bringing Stability to Your Retirement

Find out if you qualify today!



American Advisors Group
Bringing Stability to Your Retirement

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A reverse mortgage 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 reverse mortgages. To process your request for a reverse mortgage, AAG may forward your contact information to such lenders for your consideration of reverse mortgage programs that they offer.

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.

These materials are not from HUD or FHA and were not approved by HUD or a government agency.

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