



1. MYTHS AND MISCONCEPTIONS

- ✓ So much misinformation exists today regarding Reverse Mortgages. Bloom addresses common
- ✓ misconceptions that you may not be aware of.

1st Myth:

“I will lose my home” or “The bank will own my home.”

False. The homeowners retain 100% ownership of their home and there is no change to ownership on title. A homeowner will never have to sell or move out before they are ready. This is true no matter how long they choose to stay in the home, or what happens to home prices. The only requirement is that property taxes, home insurance, and upkeep of the home are maintained. The mortgage registers on title like any traditional mortgage.

2nd Myth:

“I will owe more than my house is worth.”

It would be extremely rare for the balance of the mortgage to exceed the market value of the home. There are so many guidelines in place to protect homeowners from this scenario, including a restriction on LTV's. The younger the applicant, the lower the LTV and loan amount, the older the applicant, the higher than loan amount and LTV – to prevent equity erosion. You are going to accrue more interest if you get a reverse mortgage at a younger age, than if you are older, due to expected time of remaining in the home. Bloom has gone one step further through the Bloom Home Equity Guarantee.

- ✓ Ensures that a borrower will never owe more than the fair market value of their home, at the time they leave their home.
- ✓ Bloom absorbs the difference if the reverse mortgage balance were to be greater than the market value of the home.
- ✓ This is an added level of protection for the homeowner, and the heirs.

3rd Myth:

“There will not be enough equity left for my kids.”

False. While the reverse mortgage balance will grow over time with accrued interest (no out of pocket monthly payments) in most cases, home prices will rise as well. For this reason, 99% of reverse mortgage borrowers have equity in their homes when the mortgage is repaid. For the majority – this is over 50% of their home value.