

Montana Board of Housing Reverse Annuity Mortgage Program (RAM)



Purpose

The Montana Board of Housing (MBOH)

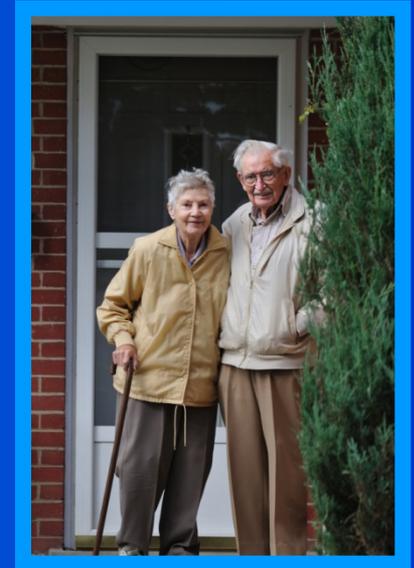
Reverse Annuity Mortgage provides financial flexibility to Montana's low- and moderate-income seniors by allowing them to use the equity in their home as a source of income.



*Seniors are empowered to live in their homes
as long as they wish to.*

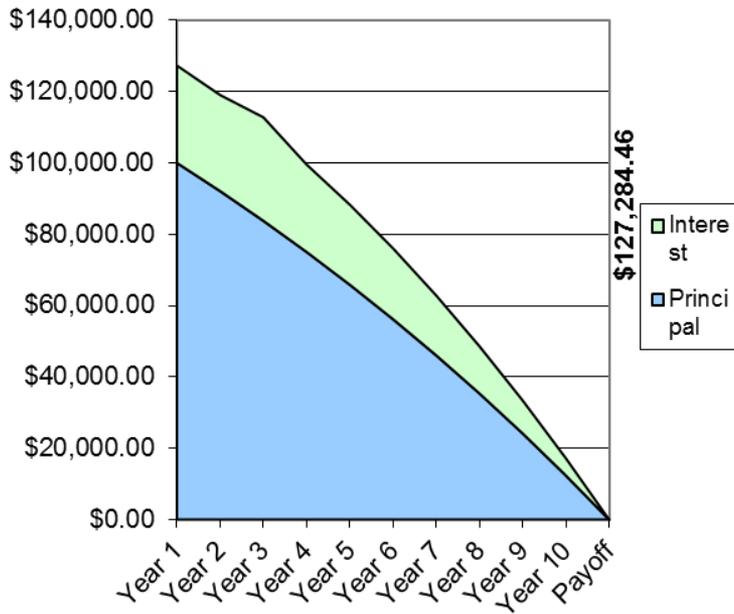
What is a MBOH Reverse Annuity Mortgage?

- It is a loan available to seniors aged 68 or older.
- It enables eligible homeowners to access up to 80% of their home's equity.
- The homeowners can draw the mortgage principal in a partial lump sum and also receive monthly payments over 10 year term.
- The homeowners' obligation to repay the loan is deferred until owner (or survivor of two) dies or permanently vacates the home.
- The home is usually sold to repay the loan.
- It is a condition of the loan to that property continues to be good repair, pay property taxes, and keep the property insured.

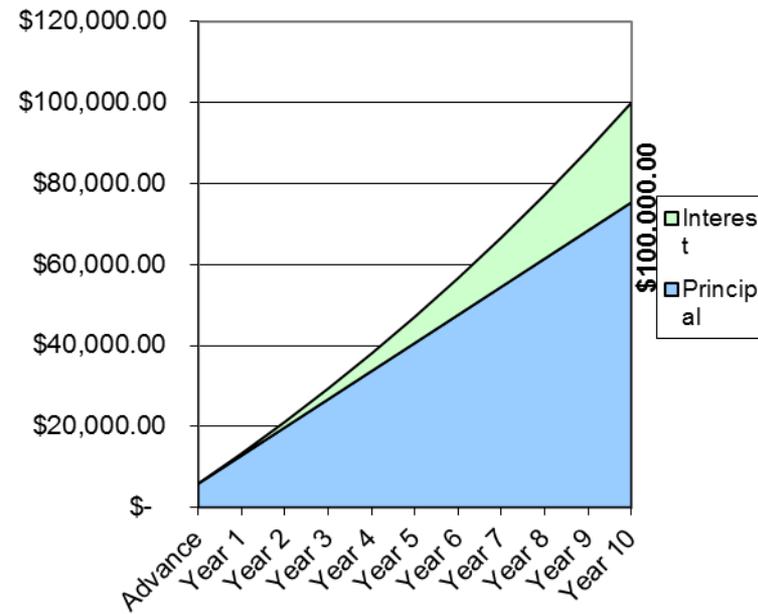


The difference between a conventional loan and a reverse mortgage loan.

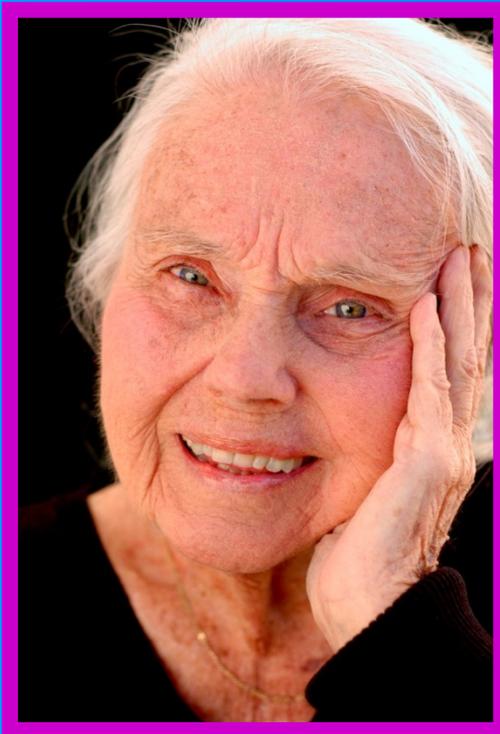
Conventional Loan
Monthly Payback - \$1060.66



RAM Payout
Monthly Payment Received - \$579



What is a MBOH Reverse Annuity Mortgage NOT?



- It is not income.
- They are not reported to the IRS.
- They do not affect SSI or Medicare payments.
- They do not have to be identified if one spouse is placed in a nursing or extended-care facility.

Pros vs. Cons of Reverse Mortgages

Pros

- Allows low-income seniors to use the investment income of their home to act as additional income.
- Allows them to remain in their home and meet their monetary needs.
- Allows them to retain ownership of the property.



Cons

Some seniors may outlive the life of loan exhausting the equity of their home, leaving less or no options for additional needed income.

Facts

The homeowner retains ownership and full control of the home.

They are responsible for paying the annual insurance and property taxes as well as upkeep.

A RAM loan is never due and payable until the homeowner no longer lives in the home.

The payments are based on a ten year amortization schedule. The stated loan amount ie: "\$100,000" is the total of Principal and Interest at the end of the 10 year period. Interest only accrues as principal is paid out. The interest rate is at a fixed rate of 5% for the life of the loan.



Qualifications



Must Meet Minimum Requirement

- Age: 68 or Older
- Income: See updated income limits on your fact sheets
- Property: Must be located in Montana and meet FHA Appraisal requirements
- MBOH must be able to be in 1st lien holder position
- None or minimal mortgage remaining
- Must complete counseling with RAM counselor
- Minimum loan of \$15,000
- Maximum loan of \$150,000

Doesn't meet the requirements?

Exceptions:

- Age exceptions? **None**
 - Loan amount exceptions? **Not Possible**
 - Income eligibility exceptions? **Not Possible**
 - Lump sum exceptions? **Possible, depends on each personal situation MBOH has shown flexibility in past.**
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- MBOH will need an income letter requesting exception and explanation of why it is needed
 - Exceptions must go before the board, which usually meets monthly. This may increase processing time.

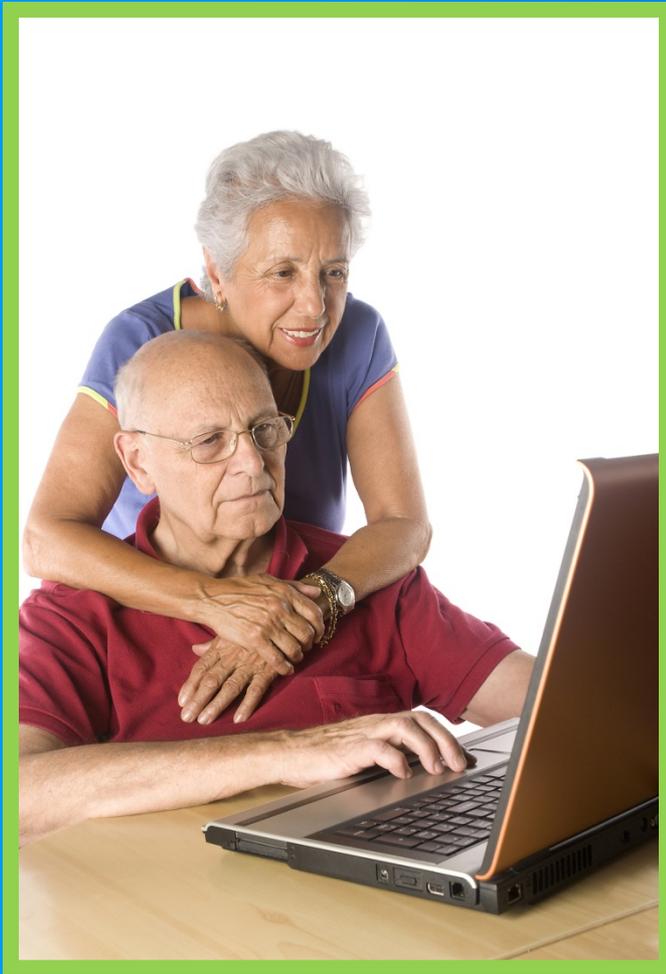
Over income?

- Options:
 - Exceptions for being over income?
Not possible.
 - The Medical Worksheet may help the applicant become income eligible.

Application

- Application Form is on website.
 - <http://housing.mt.gov/RAM>
- Takes 4-9 Weeks (or more)
 - We review application, usually can be done in 1 day
 - If all looks good, we will send approval letter, and then wait for a response. This can take up to 2 weeks
 - Then we schedule an appraisal
 - Then we receive appraisal. This can take a few weeks
 - We send out offer letter
 - Title Insurance and Policy information can take a week or so
 - To schedule closing may take 2-3 weeks

Visit our website to find:



- RAM Application
- RAM Medical Worksheet
- RAM Employment Verification
- RAM Counselor Checklist
- RAM Counselor Verification Certification
- Income Limits
- RAM Fact Sheet
- RAM Counselor List
- RAM Monthly Income Schedule
- 60-second RAM radio promotion

<http://housing.mt.gov/RAM>

QUESTIONS

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