Ultimate Payment Flexibility for Self-Employed Homeowners and Buyers

When most people hear **Reverse Mortgage**, they think of older homeowners using their equity to improve their quality of life in retirement. But these programs can also offer a powerful solution for both existing homeowners and buyers with **fluctuating or unpredictable income**.

Many professionals-*including those of us in the real estate industry*-are self-employed or commission-based, which means income can vary significantly from month to month.

For eligible homeowners and buyers, a Reverse Mortgage can provide a level of **payment flexibility that traditional mortgages simply don't offer.** Depending on the program, borrowers can elect to:

- Make regular principal and interest payments, similar to a traditional mortgage.
- Make additional principal payments whenever they choose.
- Pay interest only.
- Make larger lump-sum payments when cash flow is strong.
- Choose not to make a monthly mortgage payment when cash flow is tight, without the missed-payment credit consequences associated with a traditional mortgage.
- Access additional funds as needed, subject to the terms of the loan.

This flexibility allows borrowers to **match their mortgage payments to their cash flow rather than having their cash flow dictated by a required monthly mortgage payment.**

Another important advantage of these programs is that they allow minimal income documentation. In many cases, no income documentation is required at all. This can be particularly valuable for self-employed borrowers whose tax returns don't always reflect their actual financial capacity.

Borrowers must continue to meet the loan requirements, including paying property taxes and homeowner's insurance and maintaining the home. Eligibility, documentation requirements, and access to proceeds vary by program.

Freedom and Flexibility Payment Options

Payment Option	Traditional Mortgages	Reverse Mortgage Advantage
Amortizing Payments	Traditional mortgages require scheduled principal-and-interest payments over a fixed term, typically 15 or 30 years.	A Reverse Mortgage can be repaid the same way, but monthly payments are optional. Borrowers can choose their own repayment pace and change it as their needs or cash flow change.
Interest-Only Payments	Interest-only payments cover the interest due but do not reduce principal. Traditional interest-only loans may later require full repayment or higher amortizing payments.	With a Reverse Mortgage, borrowers can choose to make interest-only payments without a scheduled conversion to accelerated principal-and-interest payments.
Lump-Sum Payments	Traditional mortgages generally allow extra principal payments, but those funds usually cannot be easily accessed again later.	Borrowers can make lump-sum payments whenever it makes sense. With certain Reverse Mortgage options, eligible funds may also be available to access again later.
Defer Some Payments	When their cash flow is lower, the borrower can choose not to make a monthly mortgage payment.	When cash flow improves, the borrower can resume payments or make a larger payment, for example, after receiving a commission or other income.
Defer All Payments	Since monthly payments are not required on Reverse Mortgages they can elect to defer all payments until the end of the loan.	A borrower may choose to make payments while working and stop making them after retirement, providing added flexibility as income changes.

<table>
<tr><td>Access Additional Funds</td><td>Many Reverse Mortgage options provide access to available loan proceeds similar to a line of credit.</td><td>Borrowers may be able to pay down the balance to reduce interest charges and later re-access eligible funds if needed, depending on the loan terms.</td></tr>
<tr><td colspan="3">With traditional mortgages borrowers must refinance the loan if they decide they want to start paying interest-only or go from a 15-year amortization schedule to a 30. With a Reverse Mortgage, the borrower can change this any time they decide to from one month to the next. It is the ultimate flex-pay mortgage.</td></tr>
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