



# Reverse Annuity Mortgage (RAM) Program

**A worry-free program that allows homeowners to stay in and maintain their home.**

**Are you a homeowner who is at least 70 years old?  
Do you or your spouse have long-term care needs?  
You may be eligible for a CHFA RAM loan.**

A CHFA RAM loan is different from a traditional Reverse Annuity Mortgage Loan. The CHFA RAM loan is very affordable! Closing costs are only \$1,500, which is added to your Reverse Annuity Mortgage loan balance. No out-of-pocket fees are paid to CHFA.

CHFA's RAM loan program is designed to help older homeowners stay in their homes. CHFA is not a bank or mortgage company. CHFA is a self-supporting, quasi-state agency created to help Connecticut residents become homeowners with lower cost mortgages.

The CHFA RAM program can be used for a variety of services connected with long-term care needs. Long-term care needs include, but are not limited to:

- in-home care
- out-of-home care (*including hospitals, convalescent nursing homes, homes for the aged or adult day care*)
- home renovations that address homeowners medical needs
- long-term care insurance premiums
- uninsured recurring and catastrophic medical expenses
- prescription drugs
- daily meals
- lawn maintenance, landscaping and snow removal

The interest rate on the CHFA RAM loan is 1.50% above the CHFA Homebuyer Mortgage Program Rate, which is below traditional market rates. (*Visit [chfa.org](http://chfa.org) for current interest rate or call the CHFA rate line at 860- 571-3571*)

A CHFA RAM loan would not affect the borrower's rights under Social Security, Medicare, Energy Assistance, or Property Tax Relief. It might affect the borrower's rights under Medicaid, Food Stamps, Supplemental Security Income (SSI) or the State Supplement to SSI. So you should check with the administrator of any of the above programs you may be participating in to determine your rights.

Your household income must not exceed the CHFA **Statewide** income limit to qualify for a RAM loan. Household income includes non-taxable income such as Social Security or municipal bond interest. The home must be free of any mortgage or lien at the time of closing a RAM loan.

A Reverse Mortgage counseling certificate is required and must be submitted to CHFA for program eligibility.



### How does the RAM program work?

The homeowner receives a direct deposit from CHFA into their savings or checking account each month, which includes the principal and interest payments of the RAM loan. The borrower uses that money to pay for housing or health care expenses. The loan is not repaid until the home is sold or the homeowner no longer occupies the home.

Every year the monthly payment may increase 3% in order to help meet any increased living costs. Borrowers do not pay income taxes on the monthly payments received.

### How much can I borrow?

The maximum loan amount is up to 70% of the appraised value of the home, but no more than the Federal Housing Finance Agency (FHFA) maximum loan limits. A borrower does not have to take the maximum allowable loan amount at the time of closing, but the borrower *cannot* increase the RAM loan amount later. The total loan balance includes the total principal which includes funds advanced for closing costs, monthly payments and interest.

### How much can I receive right away?

If a lump sum payment is needed at the time of closing, borrowers may receive up to \$25,000, depending on need. Check with CHFA for guidelines regarding lump sum payments. If borrowers receive a lump sum payment, the amount of the monthly payment will be reduced, as the lump sum is subtracted from the total loan balance.

### Are there other program guidelines that I should know about?

There are additional guidelines which you can find on [chfa.org](http://chfa.org) under the “Homeowners” tab. You can also call CHFA at 1-860-571-3502 and a representative can answer all of your questions.

### How can I apply?

To apply, contact the State Department on Aging at 1-866-218-6631 who will conduct a preliminary review of your eligibility. If you are referred to CHFA for a RAM loan, a representative from CHFA will schedule a meeting in order to take a more detailed RAM loan application. A representative from an independent social services agency will assess the need for long-term care needs.

#### **EXAMPLE PAYMENT TABLE**

The table below provides examples of RAM monthly payments.

*(with or without lump sum payments)*

**NOTE: The interest rate for the examples below are calculated at 5.00% (5.01% APR)**

70% of Appraised Value Examples		Approximate 1st-Year Monthly Payments		
Appraised Value of Home	Maximum Loan Amount	Taking No Lump Sum	Taking a \$5,000 Lump Sum	Taking a \$25,000 Lump Sum
\$150,000	\$105,000	\$1,167.75	\$1,092.81	\$ 793.06
\$200,000	\$140,000	\$1,557.00	\$1,482.07	\$1,182.31
\$250,000	\$175,000	\$1,946.26	\$1,871.32	\$1,571.56
\$295,000	\$206,500	\$2,296.58	\$2,221.64	\$1,921.89
\$476,700	\$333,690	\$3,711.12	\$3,636.18	\$3,336.42
\$513,400	\$359,380	\$3,996.83	\$3,921.89	\$3,622.13
\$924,571	\$647,200	\$7,197.81	\$7,122.87	\$6,823.11