



Ask Yourself



Why Wouldn't You Get Or Recommend A Reverse Mortgage?

"Used strategically, a reverse mortgage can greatly improve the sustainability of your retirement income."

- Wade Pfau, PH.D.

Perfect Storm Statistics

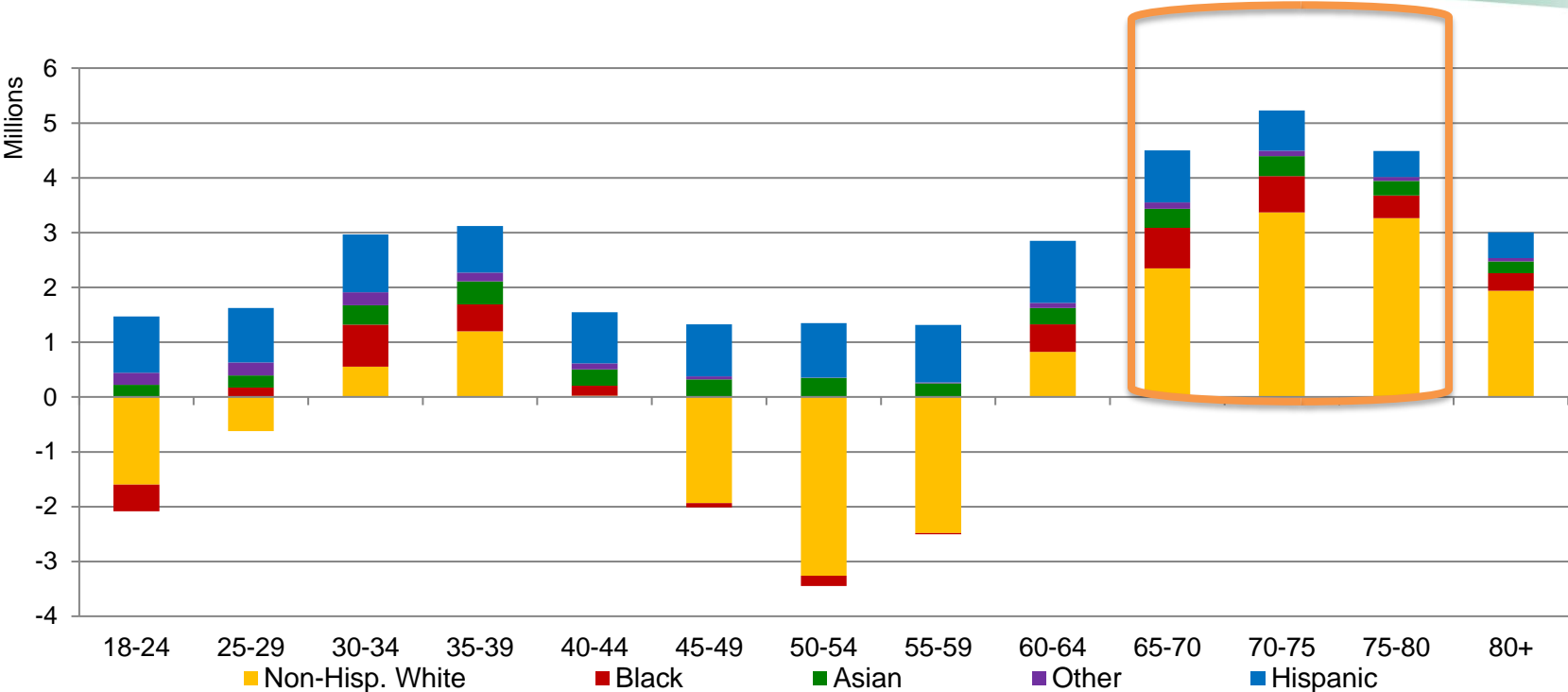
1. 10,000 People Turn 62 A Day
2. Fewer Pensions & Defined Benefit Plans
3. Lowest Return On Investment For Decades
4. 76% Plan To Delay Retirement
5. Less Than 7% Have Long Term Care Insurance, But Approximately 70% Are Likely To Need It
6. Greater Need For Security And Certainty Than Ever Before Since We Live Longer Which Causes Concern About Outliving Our Money
7. Majority of Baby Boomers Have Equity in Their Home
8. Over \$11 Trillion In Seniors' Home Equity

If All Baby Boomers Retire At 62 – 84% Would Be In Jeopardy Of Running Out Of Money At 66 – 50% Would Still Be Likely To Run Out Of Money

Source: Center Of Retirement Research At Boston College Falling Short: The Coming Retirement Crisis and What To Do About It



Projected Changes In Population by Age 2014 - 2024

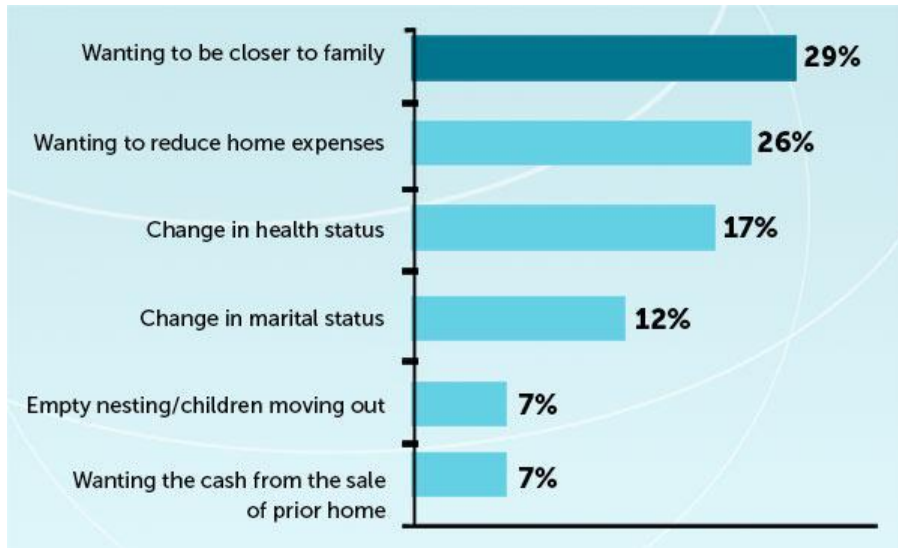


Source: Moving forward to economic stability, MBA David H. Stevens

Reasons Households Chose To Move



Reasons For Moving In Retirement



Base: Age 50+ retirees who have moved since retiring

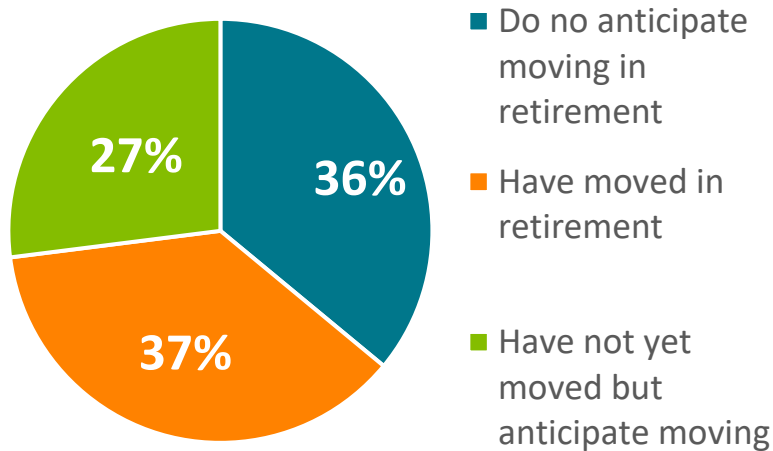
Baby Boomers Are On The Move – Giving You The Perfect Opportunity To Boost Your Business!

- Last Year Approximately **4.2 Million Baby Boomers** Moved Homes
- **Only 51% Downsized** Into A Smaller Home
- Retirees Are Predicted To Have The **Largest Household Growth Rate** Of Any Generation Within The **Next Five Years**
- They Have A Greater Freedom From Work And Family Obligations To **Choose Where They Want To Live**

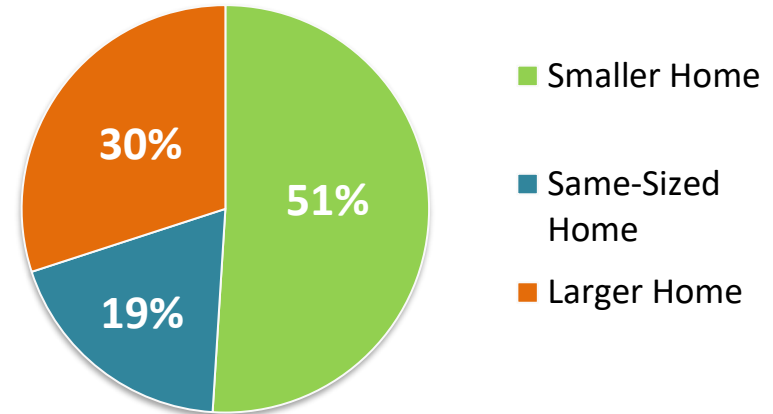
Reasons Households Chose To Move



Percent Of Retirees Who Have Moved Or Anticipate Moving In Retirement



Retirees' Most Recent Move Was Into A...



Base: Age 50+ retirees

Source: Home in Retirement: More Freedom New Choices, Merrill Lynch Bank of America Corporation

Estimated Principal Limit Factor



Age Of Youngest Borrower	Purchase Price	-	Estimated One-Time Down Payment From Borrower At Closing	=	Estimated Reverse Mortgage Available Funds*
62	100%		69.10%		30.90%
65	100%		67.00%		33.00%
70	100%		63.30%		36.70%
75	100%		60.40%		39.60%
80	100%		55.90%		44.10%


Loan proceed percentages are estimates based on home values up to the FHA limit of \$1,089,300, an expected interest rate of 6.50%*, and an assumption that the borrower finances the upfront closing costs into the loan. Actual expected rates are subject to change based on market conditions.

*This information is provided as a guideline and does not reflect the final outcome for any particular homebuyer or property. The actual reverse mortgage available funds are based on current interest rates, current charges associated with loan, borrower date of birth (or non-borrowing spouse, if applicable), the property sales price and standard closing cost. Interest rates and loan fees are subject to change without notice. Following the closing of the home purchase, no further principal or interest payments will be required as long as one borrower occupies the home as their primary residence and adheres to all HUD guidelines of loan. Borrower must remain current on property taxes, homeowner's insurance (and homeowner association dues, if applicable), and home must be maintained.

The required down payment on your client's new home is determined on a number of factors, including their age (or eligible non-borrowing spouse's age, if applicable); current interest rates; and the lesser of the home's appraised value or purchase price.

Reverse Mortgage Basics



- 
- A woman with short blonde hair, wearing a striped shirt and purple gloves, is kneeling in a garden. She is holding a small white trowel and working with a plant in a pot. The background shows a house and other garden plants.
- ✓ Age 62 Or Older
 - ✓ FHA-Qualified Home
 - ✓ Must Live In Home More Than 6 Months A Year
 - ✓ Generally Won't Affect Social Security and Medicare Benefits*

*This is not tax or financial advice. Client should consult a tax and/or financial advisor for their specific situation.

Reverse Mortgage Benefits

- ✓ Keep The Title To Their Home
- ✓ Basic Credit & Income Qualifications
- ✓ Tax Free Cash From Equity 50-74%*
- ✓ Never A Monthly Payment – Still Responsible For Maintenance, Taxes, And Insurance As Long As They Occupy Their Home

*This is not tax advice. Client should consult a tax advisor for their specific situation.



Reverse Mortgage Benefits



- ✓ Does NOT Require Repayment Until*
- ✓ The Last Living Borrower Permanently Leaves The Home
- ✓ Borrower Chooses To Sell The Property
- ✓ Never Owe More Than Home Value - With FHA-Insured Reverse Mortgages
- ✓ Able To Purchase A Home For 30-50% Down Of New Residence Sale Price

*Heirs will have 6 months with two 90-day optional extensions to either refinance the home if they want to purchase it at 95% of the appraised value; keep any net proceeds; or walk away if property is upside down.

Ways to Harvest Cash From Home Equity

Combination Of Any Of The Following:

1. Lump Sum

- ✓ Purchase
- ✓ Refinance

2. Line Of Credit

- ✓ Non-Recourse
- ✓ Guaranteed Growth

3. Monthly Loan Proceeds Payments

- ✓ Tenure
- ✓ Term



Reverse Mortgage Line of Credit (LOC)



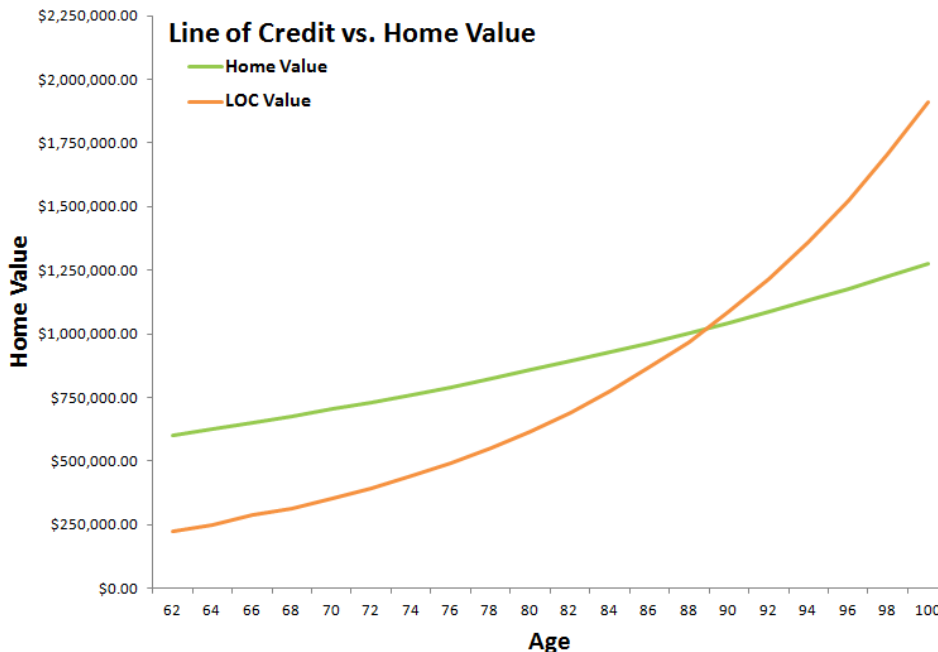
62-Year-Old Client

- ✓ Home Value \$600,000
- ✓ Available LOC \$223,506

Client At Age 89

- ✓ Home Value \$1,024,132
- ✓ Available LOC \$1,026,643

Client Can Withdraw From The LOC And Reinvest Back Tax Free At Any Time*



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The 3 Buckets & The Sacred Cow of Home Equity



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**Source: <https://www.americanfinancing.net/reverse-mortgage/mortgage-options-after-retirement>

Property Eligibility



- ✓ One- To Four-Unit Properties
- ✓ Manufactured Homes - Double Wide
Built After June 15, 1976
- ✓ Condos - Must Be FHA Approved
- ✓ PUDS
- ✓ Townhouses
- ✓ Properties Held In A Living Trust - Not
Available In Texas

Note: Maximum Allowed Home Value is \$1,089,300. Jumbo Loan Product
Also Available Beyond The Traditional FHA Reverse Mortgage.


Seller Concessions Not Allowed With H4P

- ✓ No Lender Credits
- ✓ No Realtor® Credits
- ✓ Sellers Can Pay For The Following:
 - ✓ Owner's Title Insurance
 - ✓ Home Warranty
 - ✓ Fees required to be paid under State or local law (Transfer Taxes)
- ✓ If Home Inspection Is Listed On The Purchase Contract, A Copy Of The Home Inspection Must Be Provided To Lender For Review And Any Safety Issues Must Be Fixed



New Construction Builder Program



- 
- A hand is shown drawing on architectural blueprints with a red pencil. A wooden ruler is placed on the blueprints, and a pair of compasses is also visible. The background is a blurred image of a construction site.
- ✓ Prequalification Will Take Place Up Front And A Letter Will Be Provided
 - ✓ Application Can Be Completed On A New Build Prior To The Certificate Of Occupancy Being Finalized
 - ✓ More Shoppers Can Become Home Buyers
 - ✓ Potential Increase In Sales, Purchase Price, And Add-ons
 - ✓ More Upgrades And Add-Ons Can Be Purchased Through An H4P
 - ✓ Better Builder And Realtor® Relationships

Financial Assessment*

The Purpose Of Financial Assessment Is To Determine The Willingness And Capacity Of The Customer To Meet Their Financial Obligations:

- ✓ Residual Income
- ✓ Property Charge Payment History
- ✓ Credit History

The Result Of The Assessment Will Be:

- ✓ No Set Aside
- ✓ Fully Funded Life Expectancy Set Aside
- ✓ Partially Funded Life Expectancy Set Aside

*This is not financial advice. Clients should speak with a financial advisor for their specific situation.



Reverse Mortgage Information



- The FHA Administers The Home Equity Conversion Mortgage (HECM) Program
- According To The US Department Of Housing And Urban Development (HUD), More Than A Million Households Across The Nation Are Using A HECM Reverse Mortgage
- The Amount Of Money Available From A Reverse Mortgage Is Determined By:
 - ✓ The Age Of The Youngest Homeowner
 - ✓ The Current Interest Rate
 - ✓ The Value Of The Home Up To The Maximum Allowed Lending Limit (\$1,089,300)
- The Index Rate Can Adjust Monthly Or Annually, And Is Tied To The Movements Of The 1-year CMT Index

What Happens At The End Of The Loan Term?*



Only Two Options:

1. Owe More Than The Value- Guaranteed Short Sale
2. Owe Less Than The Value- Equity Remains

*Loan is repayable, with interest agreed upon at the beginning, when the last surviving borrower no longer lives in the home.

Time Frame – Due and Payable - 1 Year



- ✓ 1 Month
- ✓ 6 Months
- ✓ 2 – 3 Month Extensions

Who Can Sell?



- ✓ Trusts – Trustees
- ✓ Will- Personal Representative or Executor
- ✓ NOT POAs!

NOTE: This is not legal advice. Your clients should consult an attorney for their specific situation.

Purchase Power

The Down Payment

Requirement.

Age 80	42% - 45%
Age 75	45% - 48%
Age 70	48% - 51%
Age 65	51% - 53%
Age 62	53% - 55%

Estimated One-Time Down Payments From Borrower at Closing

Purchase Price = 100%

Age 80	59% - 58%
Age 75	52% - 55%
Age 70	49% - 52%
Age 65	47% - 49%
Age 62	45% - 47%

Estimated H4P Loan Available Funds

Purchase Price = 100%



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Cash Outlay Over 30 Years

Deborah is looking to purchase a home for \$600,000 and is looking into several loan options. The graph above shows the total amount Deborah, would pay over the 30 year life of the loan. The payments on the graph do not include taxes, insurance, and maintenance costs.

*Negative Amortization could cause the total amount due at the end of the loan to increase if optional** reverse mortgage payments are not made.

The example is used for illustration purposes only. This information is provided as a guideline; the actual reverse mortgage available funds are based on current interest rates, current charges associated with the loan, borrower date of birth, the property sales price and standard closing cost.

**Housing expenses must continue to be paid, such as property taxes and insurance (and homeowner association fees, if applicable), and home must be maintained

20% DOWN PAYMENT

\$120,000

Required 360
payments cash
flow

\$2,155.41/MONTH

3.5% Interest Rate,
3.566% APR

\$897,449

CASH PURCHASE

\$600,000

REVERSE MORTGAGE LOAN

DOWN PAYMENT

62 year old

\$349,800

\$250,200* Loan

Upsizing



James and Mary, who are both 65, want to move to a newly constructed home to retire. They want to move to a new community; however, compared to where they currently live home values are almost double. A Realtor® recommended to them that with a reverse mortgage for home purchase, they could afford to buy a new home in the community they want.



\$225,200

James and Mary could continue to live in this \$225,200 home.

- OR -



\$400,000

They could move to a \$400,000 home for \$225,200 down with no monthly mortgage payments, except for taxes, insurance, and maintenance.

CLIENTS COULD SELL THEIR HOUSE FOR \$391,400 AND PURCHASE A NEWLY CONSTRUCTED HOME FOR \$600,000.

The houses and stories are used for illustration purposes only. Houses may not be available for purchase. This information is provided as a guideline; the actual reverse mortgage available funds are based on current interest rates, current charges associated with loan, borrower date of birth, the property sales price and standard closing cost. Interest rates and loan fees are subject to change without notice.

Downsizing



Cindy, who is 70, is selling her current home that is owned free and clear to move closer to her grandchildren. She would like to downsize when she moves and be able to set up an annuity for her grandchildren to help pay for college*. The community she would like to move to is more expensive than her current one. A reverse mortgage can allow her to purchase a home in the new community and be able to have money left over from the sale of her current house.

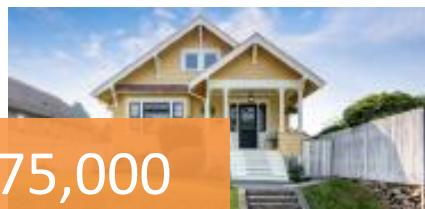
**The information in this advertisement does not constitute financial planning advice. Please consult a financial planner regarding purchasing an annuity and your specific retirement plan.*



\$400,000

Cindy could live in her current \$400,000 home further away from her grandchildren.

- OR -



\$375,000

She could downsize to a \$375,000 home for \$198,000 down that is closer to her grandchildren.

CLIENT COULD DOWNSIZE HER \$400,000 HOME, PURCHASE A \$375,000 HOUSE AND HAVE \$202,000 TO SPEND ON AN ANNUITY.

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Why I Want My Father To Get A Reverse Mortgage



Section 163(h)(3)(B)(i) - Defines “acquisition indebtedness” as “any Indebtedness which-(I) is incurred in acquiring, constructing, or substantially improving any qualified residence of the taxpayer, and (II) is secured by such residence.”

Which Means.....

In 10 years:

\$104,920 Estimated Interest

In 20 years:

\$209,840 Estimated Interest

In 30 years:

\$314,760 Estimated Interest

Source: Recovering a Lost Deduction: Barry H. Sacks, Nicholas Maningas, SR. Stephen R. Sacks, and Francis Vitagliano

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Tax Bill-Single Person



Household Income: \$ 350,000
Location: Overland Park, KS
Filing Status: Single

Advanced ^

401(k) Contribution: \$ 0
IRA Contribution: \$ 0
Itemized Deductions: \$ 210,000
Number of State Personal Exemptions: 1

Your 2021 Federal Income Tax Plus FICA : **\$41,125**

Your Income Taxes Breakdown

Tax Type	Marginal Tax Rate	Effective Tax Rate	2021 Taxes*
Federal	24.00%	7.38%	\$25,846
FICA	2.35%	4.37%	\$15,279
State	5.70%	2.11%	\$7,394
Local	0.00%	0.00%	\$0
Total Income Taxes		13.86%	\$48,519
Income After Taxes			\$301,481
Retirement Contributions			\$0
Take-Home Pay			\$301,481

Tax Bill-Married



Household Income \$ 350,000	Location Overland Park, KS	Filing Status Married
Advanced ^		
401(k) Contribution \$ 0	IRA Contribution \$ 0	Itemized Deductions \$ 210,000
		Number of State Personal Exemptions 2

Your 2021 Federal Income Tax Plus FICA : **\$35,628**

Your Income Taxes Breakdown

Tax Type	Marginal Tax Rate	Effective Tax Rate	2021 Taxes*
Federal	22.00%	5.94%	\$20,799
FICA	2.35%	4.24%	\$14,829
State	5.70%	1.95%	\$6,809
Local	0.00%	0.00%	\$0
Total Income Taxes		12.12%	\$42,436
Income After Taxes			\$307,564
Retirement Contributions			\$0
Take-Home Pay			\$307,564

* These are the taxes owed for the 2021 - 2022 filing season.

Be The Reverse Mortgage Expert



65 Year Old Sells Clients Home

Sell Your Clients Existing Home For **\$500,000**

Pay Off **\$0** Mortgage = **\$500,000** Cash

$$\text{\textcolor{green}{\$500,000}} - \text{\textcolor{green}{\$0}} = \text{\textcolor{green}{\$500,000}}$$

Sell Home

Pay Off Loan

Cash

Purchase New Home

Client Finds A NEW Home For **\$350,000**

Client Uses **\$197,050** As A Down Payment

Client Uses **\$152,950** From A HECM For Purchase

$$\text{\textcolor{green}{\$197,050}} + \text{\textcolor{green}{\$152,950}} = \text{\textcolor{green}{\$350,000}}$$

Down Payment

HECM

New Home

$$\text{\textcolor{green}{\$500,000}} - \text{\textcolor{green}{\$197,050}} = \text{\textcolor{green}{\$302,950}}$$

Cash

Down Payment

Remaining Funds

Client Still Has \$302,950 Cash Available And NO Monthly Mortgage Payment - Still Responsible For Taxes, Insurance, And Maintenance.

Be The Reverse Mortgage Expert



75 Year Old Sells Clients Home

Sell Your Clients Existing Home For **\$700,000**

Pay Off **\$200,000** Mortgage = **\$500,000** Cash

$$\text{\textcolor{green}{\$700,000}} - \text{\textcolor{green}{\$200,000}} = \text{\textcolor{green}{\$500,000}}$$

Sell Home

Pay Off Loan

Cash

Purchase New Home

Client Finds A NEW Home For **\$500,000**

Client Uses **\$250,500** As A Down Payment

Client Uses **\$249,500** From A HECM For Purchase

$$\text{\textcolor{green}{\$250,500}} + \text{\textcolor{green}{\$249,500}} = \text{\textcolor{green}{\$500,000}}$$

Down Payment

HECM

New Home

$$\begin{array}{ccccc} \text{\textcolor{green}{\$500,000}} & - & \text{\textcolor{green}{\$250,500}} & = & \text{\textcolor{green}{\$249,500}} \\ \text{\textcolor{green}{Cash}} & & \text{\textcolor{green}{Down Payment}} & & \text{\textcolor{green}{Remaining Funds}} \end{array}$$

Client Still Has \$249,500 Cash Available And NO Monthly Mortgage Payment - Still Responsible For Taxes, Insurance, And Maintenance.

How Does It Work?

Couple Both Age 62

- ✓ Recently Sold Their Home And Net Proceeds Were **\$250,000**
- ✓ They Have No Other Assets
- ✓ Desire A Home Near Children, Grandchildren and Doctors
- ✓ Find A Townhome Listed At **\$300,000**
- ✓ They Want To Pay Cash, And Do NOT Want A Mortgage

NOTE: They Do Not Have Enough Money To Pay Cash For The Townhome



HECM For Purchase (H4P)



- ✓ Max Loan Amount Available To Purchasers Is **\$125,100** - Based On Buyers' Ages
- ✓ Buyers Can Bring As Little Cash As **\$174,900** To Closing
- ✓ Leaves Them With NO Monthly Mortgage Payment AND **\$75,100** From The Sale Of Their Home*
- ✓ They Now Have A More Secure Financial Situation
- ✓ Which Picture Would You Want To Present – Let's Find A Lower-Priced Home That You Don't Really Want OR Find A Home That Fits Your Needs, Never Have A Monthly Mortgage Payment*, And Have **\$75,100** In The Bank?

*Borrowers are still required to pay taxes, insurance and maintenance. This information is provided as a guideline; the actual reverse mortgage available funds are based on current interest rates, current charges associated with loan, borrower date of birth, the property sales price and standard closing cost. Interest rates and loan fees are subject to change without notice.

Example 2



- ✓ Buyers, Age 70, Have Home Listed For **\$400,000** And Will Net **\$376,000** After Fees, Etc.
- ✓ Have Only **\$15,000** In Savings
- ✓ Interested In A New Construction Ranch for **\$375,000** – Want No Monthly Mortgage Payment*
- ✓ Home Is Not Selling, You Recommend Dropping The Price By **\$10,000** – That Means They Would Net **\$366,000** And Would Have To Dip Into Savings To Pay Cash
- ✓ They Balk At The Recommendation And The House Sits On The Market Or –
Offer A SOLUTION!

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The Solution!



- ✓ Reverse Mortgage For Purchase Will Provide Up To **\$177,000** Towards Purchase
- ✓ Buyers Can Bring As Little As **\$198,000** To Closing
- ✓ They Can Say “Yes” To Your Recommendation, Sell The House Quicker
- ✓ They Can Purchase The New Construction Sooner
- ✓ They Could Have A Much Improved Financial Situation
- ✓ They Will Have An Additional **\$168,000** Cash After Selling Their House For **\$366,000** And Buying The New Home

*Still Responsible For Taxes, Insurance And Maintenance. This information is provided as a guideline, the actual reverse mortgage available funds are based on current interest rates, current charges associated with loan, borrower date of birth, the property sales price and standard closing cost. Interest rates and loan fees are subject to change without notice.

Benefits of Buying



Here are a few things a reverse mortgage loan could help your clients with:

- ✓ Purchase in a 55 plus community
- ✓ Increase your client's purchasing power and flexibility
- ✓ No monthly mortgage payments (taxes, insurance, and maintenance required)
- ✓ Move closer to family, better weather, or a more appropriate home
- ✓ Purchase a home for 30-60% down*

*The down payment required is determined on a number of factors, including borrower(s)' age (and non-borrowing spouse's age, if applicable); current interest rates; and the lesser of the home's appraised value or purchase price.

The Next Time...



**...A 62 Or Older Buyer
Walks Into Your Office,
Why Not Mention the
Option of a H4P?**



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