
The Reverse Mortgage Opportunity

Today's Solution to your
Peace of Mind



The 2009 Retirement Environment

- ❑ 2008 Market downturn
- ❑ Net worth losses – portfolio restrictions
- ❑ Age restrictions on employment
- ❑ Travel and Leisure lifetime goals
- ❑ Taking care of the children/grandchildren
- ❑ Making my golden years really “golden”
- ❑ “I have a lot of equity in my house... what can I do?”

How the Reverse Mortgage Works

- ❑ Assist persons over 62 in purchasing a new home (new in 2009), or stay in your current home.
- ❑ No more monthly mortgage payments.
- ❑ You do not pay back the loan
- ❑ Fully insured by the Federal Government
- ❑ Tax Free! Does not affect your Social Security Benefits!

Reverse Mortgage on Current Home – Payoff Balance + Income

Estimates For:

Fred Johnson and Mary Johnson
 850 E. Ocean Blvd, Unit 520
 Long Beach, CA 90802

Age Information:

DOB	Nearest Age	Age
8/15/1945	64	63
5/7/1936	73	72

Estimated Closing Date*: Apr-19, 2009

**HECM
HMC225**

Initial/Note Rate	2.850%
Expected Interest Rate*	5.130%
Interest Rate Cap	12.850%
Monthly Service Fee	\$35.00
Estimated Home Value	\$417,000
Lending Limit	\$417,000
Percentage	100.00%
Creditline Growth Rate	3.350%
<u>Principal Limit</u>	\$267,297.00
Service Set-Aside	\$6,502.82
<u>Available Principal Limit</u>	\$260,794.18
Initial Mort. Ins. Prem.	\$8,340.00
Financed Origination Fee	\$6,000.00
Other Financed Costs	\$2,651.79
<u>Net Principal Limit</u>	\$243,802.39
Debt Payoff Advance	\$150,000.00
Tax & Ins. Set-Aside	\$0.00
<u>Net Available to You</u>	\$93,802.39
Cash Requested	\$0.00
Creditline Requested	\$0.00
<u>Remaining Cash</u>	\$93,802.39
	or
Potential Tenure Payments	\$504.87
Financed Fees and Costs	\$16,991.79
Borrower Paid Costs	\$0.00

Reverse Mortgage for Current Home Paid-off + Income

Estimates For:

Fred Johnson and Mary Johnson
850 E. Ocean Blvd, Unit 520
Long Beach, CA 90802

Age Information:

DOB	Nearest Age	Age
8/15/1945	64	63
5/7/1936	73	72

Estimated Closing Date*: Apr-19, 2009

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Monthly Service Fee	\$35.00
Estimated Home Value	\$417,000
Lending Limit	\$417,000
Percentage	100.00%
Creditline Growth Rate	3.350%
Principal Limit	\$267,297.00
Service Set-Aside	\$6,502.82
Available Principal Limit	\$260,794.18
Initial Mort. Ins. Prem.	\$8,340.00
Financed Origination Fee	\$6,000.00
Other Financed Costs	\$2,651.79
Net Principal Limit	\$243,802.39
Debt Payoff Advance	\$0.00
Tax & Ins. Set-Aside	\$0.00
Net Available to You	\$243,802.39
Cash Requested	\$0.00
Creditline Requested	\$0.00
Remaining Cash	\$243,802.39
	or
Potential Tenure Payments	\$1,312.21
Financed Fees and Costs	\$16,991.79
Borrower Paid Costs	\$0.00

Reverse Mortgage for New Purchase with No Payments

Estimates For:

Fred Johnson and Mary Johnson
850 E. Ocean Blvd, Unit 520
Long Beach, CA 90802

Age Information:

DOB	Nearest Age	Age
8/15/1945	64	63
5/7/1936	73	72

Estimated Closing Date*: Apr-19, 2009

HECM HMC225

Initial/Note Rate	2.850%
Expected Interest Rate*	5.130%
Interest Rate Cap	12.850%
Monthly Service Fee	\$35.00
Estimated Home Value	\$417,000
Lending Limit	\$417,000
Percentage	100.00%
Creditline Growth Rate	3.350%
Principal Limit	\$267,297.00
Service Set-Aside	\$6,502.82
Available Principal Limit	\$260,794.18
Initial Mort. Ins. Prem.	\$8,340.00
Financed Origination Fee	\$6,000.00
Other Financed Costs	\$2,651.79
Net Principal Limit	\$243,802.39
Debt Payoff Advance	\$417,000.00
Tax & Ins. Set-Aside	\$0.00
Net Available to You	(\$173,197.61)
Cash Requested	(\$173,197.61)
Creditline Requested	\$0.00
Remaining Cash	\$0.00
or	
Potential Tenure Payments	\$0.00
Financed Fees and Costs	\$16,991.79
Borrower Paid Costs	\$0.00

Basics of Purchase

- ❑ Assists seniors in purchasing a primary residence
- ❑ Borrowers bring down payment
- ❑ Remaining purchase price financed through reverse mortgage
- ❑ Counseling by HUD approved counselor

Basics of Purchase

- No repayment due until:
 - Move out permanently
 - Sell Property
 - All borrowers pass away
- Requirements
 - Occupy property within 60 days of closing
 - Closing costs financed through loan
 - Agree not to rent property back to seller

Reasons to Sell/Purchase

- ❑ Empty-nesters may choose to downsize
- ❑ Borrowers may want to purchase dream home
- ❑ Seniors unable to purchase a property in past
 - Now eligible
 - Poor credit score in past
 - Condo conversion

Eligible Property Types

Eligible

- 1-4 Units
- Condos
- Primary Residence
- Fully completed structure:
 - With certificate of occupancy
- Land Contracts are acceptable

Ineligible

- Co-op
- Homes without certificates of occupancy
- Boarding houses
- Bed and Breakfast
- Manufactured homes built before 6/15/1976
 - Newer manufactured homes meeting HUD guidelines

Principal Limit Calculations

- The available funds you receive for the purchase are determined by:
 - Borrowers Age (be sure to put both spouses on the Reverse Mortgage)
 - Current Market Interest Rates
 - The lesser of the sales price, the appraised value of the home, or the FHA Lending Limit

Borrower's Investment

Eligible Funds

- Verification of Deposits
- 2 months bank statements
- Proof of liquidation of retirement assets must be provided prior to close
- Deed of Sale
 - Final HUD-1

Ineligible Funds

- Gift funds
- Seller financing
- Personal loans
- Cash withdrawal from credit card
- Bridge loan
- Gap financing
- Subordinate liens
- Seller concessions

No Gifts Allowed

□ Including:

- Loan discount points
- Interest rate buy downs
- Builder's incentives
- Personal property
- Closing cost assistance

Before and After Reverse Mortgage Lifestyle!

Before

- House has the money – you don't
- Limited monthly income
- Limited disposable income
- Restricted lifestyle
- Delayed retirement
- Limited leisure and travel
- Monthly mortgage worries
- Mounting credit card debt
- Mounting medical bills

After

- You have control... and access to the money
- Increased monthly income
- Significantly better lifestyle
- Secure retirement options
- Better overall lifestyle
- More travel and leisure
- NO MONTHLY MORTGAGE!
- Wipe out credit card debt
- Wipe out medical bills

What would you do if you had extra guaranteed monthly income?

- Create an extra monthly income stream for yourselves?
- Open a 529 College Fund for your grandchildren?
- Take a vacation to somewhere you have always wanted to go.
- Perhaps assist with medical and elder care needs and expenses?

Summary

- ❑ If you are equity rich and cash flow poor...we can help.
- ❑ Retain your home for your heirs and still live the retirement lifestyle you expected.
- ❑ Let us develop an analysis of your personal situation for your review.
- ❑ We can assist you in achieving financial peace of mind.

Next Steps

- Make an appointment.
- Bring the requested information on the Homeowner Document Checklist.
- Let us review the information and outline your options.
- You decide the best way to achieve your lifestyle.
- Your heirs still inherit.

Homeowner Document Checklist

- Provide us with your home address prior to our meeting.
 - Home is Free and Clear
 - Home still has a mortgage (bring notes)
- We need your age (62+) if both are to be on the Reverse Mortgage.
- Total monthly income (Social Security, pensions, annuity income, etc.)
- Monthly expenses, credit card debt, personal loans, auto loans, tuition, etc., utilities, HOA, etc.

Thank you for coming!

- Please call us with questions.
- Please refer us to your neighbors and friends.
- May we keep you on our mailing list?

“Have a great evening!”



Seller's Costs

- The property seller must pay all costs normally associated with selling a property in an acceptable condition, complying with FHA Guidelines:
 - Real Estate commissions
 - Document preparation fee for deed
 - Documentary transfer tax
 - City transfer/conveyance tax
 - Payoff of all loans in seller's name
 - Interest accrued to lender(s) being paid off, statement fees, reconveyance fees and any prepayment penalties of other costs associated with seller's loan payoff
 - Termite inspection
 - Termite work
 - Home warranty (buyer or seller paid)
 - Judgments, liens, tax liens
 - Tax proration
 - Recording charges
 - Bonds or assessments
 - Delinquent taxes
 - Notary fees
 - Title Search and Insurance premiums
 - Seller Attorney fees
 - Applicable portion of HOA dues
 - Homeowner's association transfer fee
 - Seller's share of escrow/signing/settlement/closing fees
- Mandatory FHA repairs to the property

Buyer's Costs

- The buyer must pay all costs normally associated with purchasing a property and obtaining the loan which include, but are not limited to, the following:
 - Loan Origination Fee
 - Counseling Fee
 - Credit Report Fee
 - Appraisal Fee
 - Flood Certificate fee
 - Document preparation (new loan)
 - Notary fees
 - Buyer's Attorney fees
 - Survey fee
 - Buyer's share of escrow/signing/settlement/closing fees
 - Recording charges/tax stamps for all documents in the buyer's name
 - Hazard/Fire insurance premium for the first year
 - Flood insurance premium for the first year
 - Applicable portion of HOA dues
 - Mortgage insurance premium
 - Tax proration
 - Home warranty (can be paid by buyer or seller or realtor)
 - Any other customary allowable fees applicable
- The buyer may contract for and pay additional closing costs other than those listed above, but the buyer may not contract with the seller to pay any of the costs listed above.